



Daily Report

East Asia

FBIS-EAS-95-165
Friday
25 August 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

East Asia

FBIS-EAS-95-165

CONTENTS

25 August 1995

NOTICE: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

MPT Accepts U.S. Timetable for Cargo Talks [NIHON KEIZAI SHIMBUN 21 Aug]	1
Plan To Ease Auto Inspection Rules Discussed [NIHON KEIZAI SHIMBUN 24 Aug]	1
Daily Cites 'Gist' of Security Pact With U.S. [SANKEI SHIMBUN 20 Aug]	1
Leakage From Nuclear Shipment Causes Concern [London INDEPENDENT 25 Aug]	2
Coalition Endorses Peacekeepers to Golan Heights [KYODO]	3
Tokyo, Canberra Support UN Antinuclear Issue [KYODO]	3
Meeting With ASEAN Slated as Planned [KYODO]	4
Editorial on Additional Rice Aid to DPRK [TOKYO SHIMBUN 19 Aug]	5
'Sources' Reveal Details on PRC Nuclear Tests [TOKYO SHIMBUN 25 Aug]	5
Policymaker Hints at Demand for PRC Aid Freeze [KYODO]	6
Further on Not Inviting Taiwan's Li to APEC [YOMIURI SHIMBUN 20 Aug]	6
Cabinet Secretary Considering Third Extra Budget [KYODO]	6
MITI Outlines Structural Economic Reform Plan [MAINICHI SHIMBUN 19 Aug]	7
Takemura on Industrial Structural Reforms [KYODO]	7
Japan Ford, Volkswagen-Audi Dealers View Market [NIKKEI BUSINESS 19 Jun]	8
Economic Association Head Asks Larger Tax Cuts [KYODO]	11
Tax Panel Head Criticizes Bureaucrat-Led Councils [KYODO]	11
BOJ Source Welcomes Bundesbank's Rate Cut [KYODO]	12
MOF Criticized for Farm Bank's Bad Loans [KYODO]	12
Panel: Checking System Needed for Credit Unions [KYODO]	13
Premier's Advisory Body Abandons ATR Plan [KYODO]	13
DA To Develop Command System for Emergencies [MAINICHI SHIMBUN 23 Aug]	14
Reportage on Budget Request for Fiscal 1996	14
Requests Highest in 7 Years [KYODO]	14
DA To Request 4.866 Trillion Yen [YOMIURI SHIMBUN 24 Aug]	15
MPT To Ask for 2 Billion Yen [NIHON KEIZAI SHIMBUN 22 Aug]	15
MOT Maps Out Requests [KYODO]	16
MAFF Seeks 2.7 Percent Increase [KYODO]	16
S&T To Seek 9.3 Percent Rise [KYODO]	16
Agency Forming Plan To Boost Forestry Business [KYODO]	17
Ministry Reports Cut in Rice Cultivation Land [KYODO]	17
Industrial Production Flat in Apr-Jun Quarter [KYODO]	17

North Korea

Daily Views U.S. 'Hostile Policy' [Pyongyang Radio]	18
Pyongyang Holds Mass Rally To Welcome Defectors [Pyongyang Radio]	18
'Aerial Military Exercises' Denounced [KCNA]	19
Declaration on Kwangju 'a Historic Betrayal' [KCNA]	19
South Student Delegates Explore Mt Paektu [KCNA]	19
Protest of South Legal Decision Noted [KCNA]	20
Analyst Criticizes Japanese Premier's Apology [KCNA]	20
Daily Views Japan's Remarks on Nuclear Issue [KCNA]	21
Delegates on Need for Japan To Apologize [KCNA]	21
Japanese Visitors Arrive in Wonsan 24 Aug [KCNA]	21
Month of Solidarity With Cuban People Concludes [KCNA]	21
Kazakhstani Party Leaders Praise Kim Chong-il [KCNA]	22
WPK, Italian Party Delegation Hold Talks [KCNA]	22
Palestinian Embassy Lays Basket Before Statue [KCNA]	22
Yi Kwang-rok Appointed Ambassador to Uganda [KCNA]	22
Kim Chong-il Sends Thanks to Army Units [Pyongyang Radio]	22
Radio Views Relief Work for Flood Victims [Pyongyang Radio]	23
Kim Chong-il Measures To Rescue Flood Victims [Pyongyang Radio]	24
Kim Chong-il Sends Thanks to Different Officials [KCNA]	24
Kim Chong-il Sends Birthday Table to Teacher [KCNA]	24
Military Exercise as 'War Rehearsal' Denounced [Pyongyang Radio]	24
Bureau Achieves Success in Cargo Handling [Pyongyang Radio]	26
Chuche-Oriented Art, Literature Symposium Held [KCNA]	26
Railway Worker Volunteers To Move to Rural Area [Pyongyang Radio]	26
Middle School Graduates Move to Rural Area [Pyongyang Radio]	27
Kaepung Farm Attempts To Achieve Bumper Harvest [Pyongyang Radio]	27
Efforts To Make Plant Self-Sufficient Noted [Pyongyang TV]	27
Power Complex Increases Electricity Production [Pyongyang Radio]	28
Rare Animal Found in North Hwanghae Province [KCNA]	28

South Korea

U.S. Considers Car Import Barriers Challenge [THE KOREA TIMES 25 Aug]	28
Former Army Chief of Staff Yi Chin-sam Returns [YONHAP]	29
North Demands KEDO Pay for Russian Reports [YONHAP]	29
Premier Says Fears Impeding Reunification [YONHAP]	30
Carmakers Invited To Set Up Factories in Brazil [THE KOREA HERALD 25 Aug]	30
Defense Minister Plans To Visit Israel, Hawaii [THE KOREA HERALD 25 Aug]	30
Kim Yong-sam's Wife Plans To Attend UN Meeting [YONHAP]	31
Eight Railway Cars Overturn Due to Heavy Rains [Seoul Radio]	31
Most Major Railroads Paralyzed by Heavy Rains [YONHAP]	31
YONHAP Assesses 'Torrential Rain' Damage	31
Kim Yong-sam To Review 5-Year Term at Luncheon [CHOSON ILBO 25 Aug]	32
Opposition Assesses Term [YONHAP]	32
President Stresses Need for Generational Shift [YONHAP]	33
Steps To Complement Real-Name System Viewed [YONHAP]	34
Group Questions President on 'Slush Fund' [THE KOREA TIMES 25 Aug]	34
Groups To Refrain From Attacking Each Other [THE KOREA TIMES 25 Aug]	34
New BOK Governor Promises 'Price Stability' [THE KOREA HERALD 25 Aug]	35
Group Submits Appeal on Kwangju Incident [YONHAP]	35

SOUTHEAST ASIA

Burma

Shan Claims Control of Mong Tai Army [BANGKOK POST 25 Aug]	37
--	----

Cambodia

Japan Promises Private Sector Investment [REAKSMEI KAMPUCHEA 25 Aug]	38
Government Troops Reportedly 'Now Starving' [REAKSMEI KAMPUCHEA 25 Aug]	38
Khmer Rouge Claim Eight Enemy Soldiers Killed [Radio PGNUNS]	39

Indonesia

Balkans Players Accept Suharto Talks Offer [Jakarta Radio]	39
Daily Welcomes Meeting [Jakarta Radio]	39
Netherlands' Queen Beatrix Arrives for Visit [Jakarta Radio]	40
Suharto Hosts Banquet [ANTARA]	40
Dailies Hail Visit [SUARA PEMBARUAN, etc.]	40
Human Rights Not Discussed [Amsterdam DE VOLKSKRANT 24 Aug]	41
Alatas, Dutch Counterpart Plan Meetings [ANTARA]	42
Alatas Stresses Ties With Netherlands [ANTARA]	42
Alatas Says No Executions of Prisoners [Hilversum TV]	43

Philippines

President Ramos Pardons 62 PRC Fishermen [AFP]	43
Australian Trade Mission To Aid Sugar Industry [Balita Listserv]	44

Thailand

Premier 'Not Worried' by Military Criticism [Bangkok TV]	44
Premier, Military Leaders Discuss Arms Purchase [THE NATION 24 Aug]	45
Minister Urges Creation of Commercial Fleet [BANGKOK POST 25 Aug]	45
Finance Minister, Envoys Discuss Economic Issues [THE NATION 25 Aug]	46
Outgoing EU Ambassador Bids Premier Farewell [Bangkok Radio]	46
MP Says Suu Kyi Video Sent to Beijing [THE NATION 25 Aug]	47
Burmese SLORC Leader Invited To Visit [BANGKOK POST 25 Aug]	47
Editorial Urges Greater Openness in Burma [KRUNGTHEP THURAKIT 24 Aug]	48
Commerce 'Source' Views Plans for AFTA [THE NATION 24 Aug]	49
Official Reports Fiscal Surplus for 1995 [Bangkok Radio]	50
Khun Sa's Production Base Moved to Lao Border [NAEO NA 24 Aug]	50
Denial of Phone Contract Draws Strong Protest [BUSINESS DAY 24 Aug]	50
Proposal Seeks To 'Shore Up' Public Confidence [THE NATION 22 Aug]	51

Vietnam

Murayama's World War II Apology 'Welcomed' [Hanoi Radio]	52
King Sihanouk Stresses Bilateral Friendship [Hanoi Radio]	52
Cambodian Delegation Arrives on Friendship Visit [VNA]	53
Vo Van Kiet Chairs Regular Government Meeting [Hanoi Radio]	53
Diplomatic Service Marks 50th Anniversary	53
Phan Van Khai Attends Seminar [VNA]	53
Foreign Minister Comments [VNA]	54
Tien Giang Issues Guidance on Party Congresses [Hanoi Radio]	55
AGTD Admits 1,181 New Party Members [Hanoi Radio]	55
Asia Development Bank Approves \$66 Million Loan [Hanoi Radio]	55
Journal Views 'Danger of Lagging in Economics' [TAP CHI CONG SAN Aug]	55
Commercial Sector Sees 'Important Achievements' [VNA]	58

AUSTRALASIA

Australia

Evans on Deterioration in Sino-U.S. Relations [<i>Melbourne International</i>]	59
Japan's Foreign Minister Kono Arrives for Talks [<i>KYODO</i>]	59
Tokyo, Canberra Plan To Promote UN Test Ban [<i>Melbourne International</i>]	59
Hashimoto Urges Practical Liberalization Approach [<i>KYODO</i>]	59

New Zealand

French Naval Vessel Seeks Meeting Off Mururoa [<i>AFP</i>]	59
Delivers 'Warning Letter' to Ship [<i>AFP</i>]	60

Japan

MPT Accepts U.S. Timetable for Cargo Talks

OW2508141595 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 21 Aug 95 Morning Edition p 3

[FBIS Translated Text] Plans have been firmed up for Japanese and U.S. transport authorities to begin talks in Tokyo from 26 September to discuss revising provisions in the Japan-U.S. aviation treaty covering the cargo sector. Plans to hold the talks were finalized when the Ministry of Transport [MPT] accepted a U.S.- proposed timetable. The talks are to first start at working-level meetings with division directors and councilors from the Transport Ministry's Aviation Bureau conducting negotiations with their U.S. counterparts.

At ministerial talks held late last month, the Japanese and U.S. Governments agreed "to begin a new round of negotiations in September to ensure equal opportunity and to establish a freer framework" in regard to the existing bilateral aviation treaty, which has been imbalanced in favor of the United States since the treaty's conclusion in 1952. Japan and the United States clashed during negotiations over a request by the major U.S. carrier Federal Express to open new routes, but this issue was settled when both sides agreed to mutually expand operational rights. However, rough sailing is expected in the upcoming talks because the talks will involve negotiations over creating a new framework. According to the agreement at the ministerial talks, a final decision is to be made within six months in regard to negotiations over revising provisions in the aviation treaty covering the cargo sector.

Plan To Ease Auto Inspection Rules Discussed

OW2408143395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 24 Aug 95 Morning Edition p 5

[FBIS Translated Text] On 23 August, following an official agreement at the Japan-U.S. comprehensive economic talks on auto and auto parts, the Transportation Ministry announced the details of its plan, designed to ease regulations for auto inspections, and a term for implementing the deregulation measures. Although the deregulation measures stipulate a minimum number of mechanics needed at government-authorized workshops, regulations on the required number of mechanics will be eased in a year. The minimum number of mechanics at government-authorized workshops will be reduced from two to one. It will be reduced from three to two for government-designated workshops. Regarding the reduction of the number of key safety components, which need to be overhauled when parts are replaced or repaired, four items, including struts, will be exempted,

in two months, from overhaul. The definition of overhaul itself will be reviewed within a year.

Measures to approve the common use of inspection facilities with other workshops will be implemented in a year so that it will be easier for medium- and small-sized workshops, which became independent of dealers, to be qualified as appointed workshops (private auto inspection workshops). A system for "authorized special workshops" — which handle special parts, including brakes — will be formed in a year. Regulations on the scope of inspections, required when changes are made to certain parts of a car, including its structure, will be eased in three months.

Daily Cites 'Gist' of Security Pact With U.S.

OW2508112795 Tokyo SANKEI SHIMBUN
in Japanese 20 Aug 95 Morning Edition p 1

[By Yukio Kashiya]

[FBIS Translated Text] Washington, 18 Aug — The Japanese and U.S. Governments are working on re-defining the bilateral Security Treaty to strengthen the security system. On 18 August, SANKEI SHIMBUN obtained the gist of a diplomatic document that will be announced during a November visit by U.S. President Bill Clinton to Japan. It mainly urges the following points: 1) The security pact is to be firmly maintained in the future; 2) the treaty contributes to the entire Asian region's security, as well as that of Japan; 3) the Acquisition and Cross-Servicing Agreement (ACSA) should be concluded at an early date; 4) Japan and the United States should cooperate with each other in promoting the nonproliferation of nuclear arms; and 5) efforts should be made to promote regional dialogues. The two countries clearly show their stand that the treaty should not serve only to ensure Japan's security but also to facilitate bilateral cooperation in dealing with the unstable international situation after the end of the Cold War.

Of those five points, contributions to Asia's security is the most important subject to revitalizing the security treaty. The two nations seek to broaden the pact's roles to cooperate with each other in tackling the diversified threat.

The two governments intend to work together mainly in UN Peacekeeping Operations (PKO). They are considering including in the final document a plan to carry out Japan-U.S. joint exercises by way of cooperation in securing peace and stability in particular regions, such as Russia, the Korean peninsula, and the PRC.

The ACSA will concretely assist their attempts to expand the subjects of the security treaty. It is specifically designed to enable joint exercises and mutual support

in PKO activities in terms of food, fuel, transportation, and communications. Opportunities for joint Japan-U.S. actions are likely to increase with the ACSA's conclusion. There is also a possibility that Clinton will present the gist of the ACSA during his visit. Although the agreement currently deals with cooperation under normal situations, the two governments have already begun discussing cooperation in emergency situations.

Regarding cooperation in the nonproliferation of nuclear arms, Japan and the United States have helped the DPRK to shift to light-water reactors. Just as in this instance, they seek to provide technical cooperation to promote utilization of nuclear technology for peaceful purposes. Concerning the promotion of regional forums, they are considering forming a permanent consultative organization — which consists of Japan, the United States, the ROK, and other concerned nations — to flexibly exchange information and opinions in emergency situations.

According to a Japanese diplomatic source in the United States, both nations praise themselves, saying that redefinition is "the best concept to deal with an unstable international situation." The final details will be decided on during the Japan-U.S. foreign and defense ministerial consultation scheduled in the United States in late September. Japan's foreign and defense ministers and the U.S. secretaries of state and defense will participate in the meeting.

The official diplomatic document will be announced during President Clinton's visit to Japan. It is impossible to change the security pact itself to establish a new bilateral security system based on redefinition. Therefore, Japan and the United States are discussing whether or not they should issue it as a joint statement or as a declaration, such as the "Tokyo Declaration" issued during President George Bush's visit in 1992.

Leakage From Nuclear Shipment Causes Concern

*MS2508110395 London INDEPENDENT in English
25 Aug 95 p 6*

[Report by Richard Lloyd Parry in Tokyo and Tom Wilkie: "Fears Over Nuclear Waste Shipment"]

[FBIS Transcribed Text] Japanese officials have discovered radioactive contamination on a canister containing highly radioactive nuclear waste sent from Europe.

The discovery raises concerns over the standards maintained during the controversial first shipment of waste from a European reprocessing plant back to Japan earlier this year.

Although there does not appear to have been any direct human health hazard, any hitch in the delivery is bound

to be embarrassing both to the French reprocessor Cogema and its United Kingdom counterpart British Nuclear Fuels [BNF].

Japan is the most important foreign customer for both companies and this was intended as a trial run demonstrating the feasibility of a series of shipments over the next couple of decades.

The consignment of 28 canisters was shipped from Cherbourg by a subsidiary of BNF, Pacific Nuclear Transport Ltd and arrived at the Rokkasho Nuclear Fuel Cycle Facilities in northern Japan in April.

Japan Nuclear Fuel Limited (JNFL) is carrying out further tests today to try to discover the source of the contamination. It is not clear whether the canister is leaking or if the contamination comes from elsewhere. A formal inspection report from JNFL to the Japanese government's Science and Technology Agency has been postponed indefinitely.

The company appears to believe that when the waste, mixed into molten glass, was being poured into the steel canisters some spilt and was not washed off properly by Cogema, the French nuclear fuel cycle company, before dispatch from its reprocessing plant. However other commentators in Japan have suggested that the canister itself may be leaking.

On their arrival, JNFL carried out seven different tests on each canister. One failed the inspection carried out to assess the performance of its seal.

According to a company spokesman, on 10 August radioactive caesium was detected on the exterior of one canister. The company believes that, had the caesium got there via a leak from the inside, they would have expected to find another radioactive element, ruthenium, as well. But a repeated test found only caesium, suggesting that it had come from the outside, perhaps when the canisters were being filled.

The tests were repeated on 15 August and caesium was again found. The series of inspections should have been completed by 16 August but are having to be done again today. As a result, the inspection report has been delayed. A spokesman for JNFL insisted there was no public health hazard.

A spokesman from the Tokyo office of Greenpeace said: "We're not really sure what's going on and this is one of our worries. JNFL insist that it's never happened before, but this is the first time that these containers have ever been used. If there's a problem now, it could happen again. JNFL have no experience of this. Their facilities are only designed to receive safe canisters, and they have no strategy for dealing with problems like

this. They say the responsibility lies elsewhere but now these substances are on Japanese soil, what can they do? They can't send the canisters back."

Coalition Endorses Peacekeepers to Golan Heights

OW2508140195 Tokyo KYODO in English
1324 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — Japan's three ruling coalition parties gave the official green light Friday [25 August] to a plan to send troops to the Israeli-occupied Golan Heights to join a UN peacekeeping mission, coalition officials said.

Prime Minister Tomiichi Murayama's Social Democratic Party (SDP), the Liberal Democratic Party (LDP) and New Party Sakigake made the decision during a series of meetings in the evening.

In the wake of the coalition's approval, the government will begin preparing to send a Self-Defense Forces mission join to the Syria-based UN disengagement observer force (UNDOF) next February, according to government sources.

Chief Cabinet Secretary Koken Nosaka will declare the launch of the preparations at an informal meeting of cabinet ministers next Tuesday, they said.

The government is likely to officially decide on a concrete dispatch plan at a cabinet meeting around January, after the Foreign Ministry holds discussions with the United Nations and Canada, which already has a contingent in the Golan Heights, over duties, the timing and size of the team to be dispatched, and the appropriate equipment.

The coalition agreed to accept requests from the SDP that the contingent to be sent will not transport other countries' weapons and ammunition on a regular basis, that the duration of the mission will be not more than two years, and that Japanese peacekeepers will not participate in activities directly related to fighting for the time being.

These points will be made conditions for Japanese participation in the UN mission, the officials said.

The SDP overcame its previous reluctance and approved the proposed dispatch earlier in the day at a special session of the party's policy-making central executive committee.

The ruling coalition had earlier decided not to send Japanese troops to the Middle East in November, as initially requested by the U.N., due to opposition from the SDP.

The UN now wants Japanese personnel to replace the 50 Canadian members of the UNDOF, whose transport duties in the Golan Heights are set to expire in October.

The SDP concluded in May that the proposed dispatch of Japanese personnel to the area would be "premature," saying it was possible they might become involved in the main duties of the UN peacekeeping force in the Golan Heights.

Japan's UN Peacekeeping Cooperation Law, enacted in 1992, restricts participation of Japanese troops in UN peacekeeping operations to noncombat duties such as transport and medical care.

In order to facilitate the SDP's agreement for sending Japanese forces, the three ruling parties recently agreed that Japan will obtain permission from the world body for Tokyo to decide independently on the use of weapons and the withdrawal of personnel from the UNDOF.

In approving the dispatch of Japanese troops, the SDP leadership also took into account the positive effects it would have on Murayama's planned visit to the Middle East in September and in helping to enhance the party's ties with the LDP, party sources said.

SDP Secretary General Wataru Kubo told a press conference later in the day that the party will strictly check any dispatch plan before Japanese personnel are sent as UN peacekeepers.

He said the SDP would reconsider its approval of such a mission if the plan shows that Japanese troops might have to engage in the main duties of the UN peacekeeping force.

The activities of Japanese peacekeeping troops would also be monitored to make sure they are limited to noncombat roles, he said.

"After sending Japanese personnel, if it becomes clear that they have become pioneers in (Japan's) sending troops to complete main duties in contravention of the plan, they should be withdrawn," Kubo said.

Tokyo, Canberra Support UN Antinuclear Issue

OW2508113895 Tokyo KYODO in English
1043 GMT 25 Aug 95

[By Edwina Pitkethley]

[FBIS Transcribed Text] Canberra, Aug. 25 KYODO — Australia and Japan agreed Friday [25 June] to join forces in presenting a resolution against nuclear testing by China and France to the UN General Assembly next month, the nations' foreign ministers said.

At the 13th Australia-Japan Ministerial Committee Meeting in Canberra, Australian Foreign Minister Gareth Evans and his Japanese counterpart Yohei Kono agreed to oppose the testing.

"We will continue to work strongly upon these two countries to stop such testing, and a total test ban is a major step forward toward the creation of a world free of the fear of nuclear weapons," Kono said.

"We should both be making a maximum effort in order to realize the adoption of the Comprehensive Test Ban Treaty (CTBT) at the earliest possible time in 1996."

Evans said Australia is moving toward cosponsoring the resolution with Japan.

"We both want to see a resolution that expresses very clear opposition to current or pending testing programs," he said.

"We both want to see a resolution that draws attention to the seriousness and importance of the CTBT negotiations, which have been poisoned to some extent by the continuance of the testing program."

Other issues discussed were an Asia-Pacific Economic Cooperation (APEC) forum meeting in Osaka in November and making comprehensiveness one of APEC's general principles.

At a joint press conference following the meeting, the two ministers sought to deflect criticism that APEC and the concept of comprehensiveness were being watered down by "special treatment" of certain economic sectors of member countries.

"Most of the member countries have sensitive areas and in addressing those areas we would not exclude consideration for some flexibility, and we will all have to make a maximum effort so that our views, if different, will converge," Kono said.

Kono said South Korea, China as well as Japan have such "sensitive areas."

Evans said he is confident that the comprehensiveness principle will not be watered down at the Osaka meeting.

"We all acknowledge that there are areas of concern for particular countries and there is plenty of scope for flexibility within the framework of the target date of 2010" for trade and investment liberalization, he said.

Evans denied that granting exemptions to certain countries is weakening Australia's resolve on APEC.

"Once you accept the principle of exemption of a whole sector from the commitments, then the whole process

will fall apart. That is impossible and Australia has not and will make no concessions on that front.

"However, as the Japanese side has said, we do acknowledge that when one is talking about a time frame from 1995 to 2010, it is possible for there to be some flexibility."

Both foreign ministers emphasized the strong bilateral relationship, described by Kono as "of unprecedented quality."

The ministerial forum, last held in Tokyo in November 1993, will move to Nara, western Japan, next year to commemorate the 20th anniversary of the signing of the basic treaty of friendship and cooperation between Australia and Japan.

It will take place in Sydney in 1997, when the two countries will celebrate the 100th anniversary of the opening of the Japanese Consulate General in Sydney.

Meeting With ASEAN Slated as Planned

*OW2508064095 Tokyo KYODO in English
0621 GMT 25 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — A ministerial meeting between Japan and the Association of Southeast Asian Nations (ASEAN), which had been expected to be postponed to next spring, will be held Sept. 9-10 in Brunei as planned, trade ministry sources said Friday [25 August].

The confirmation of the initial plan resulted from International Trade and Industry Minister Ryutaro Hashimoto's attaching greater importance to diplomatic relations with other Asian countries, the sources said.

They said Hashimoto himself is likely to attend the meeting, although officials at the Ministry of International Trade and Industry at first thought it would be difficult for him to do so, due to his candidacy in the race for the presidency of the Liberal Democratic Party starting Sept. 10.

Hashimoto seems to see participation in the ASEAN meeting as a way to pull ahead of his rival in the Sept. 22 presidential contest, Foreign Minister and current LDP President Yohei Kono, political sources said.

The ministerial meeting is an annual gathering to discuss economic cooperation between Japan and ASEAN nations.

Editorial on Additional Rice Aid to DPRK

OW2508081595 Tokyo TOKYO SHIMBUN
in Japanese 19 Aug 95 Morning Edition p 4

[Editorial: "Government Urged To Be Prudent Over Additional Rice Aid to DPRK"]

[FBIS Translated Text] North Korea is asking Japan for additional rice aid, and the government plans to agree to a call for holding working-level officials' meetings. But it is necessary to deal with the issue while closely acting in concert with the ROK.

The DPRK (North Korea) sent a letter in the name of Yi Chong-hyok, vice chairman of the Asian-Pacific Peace Committee, to former Foreign Minister Michio Watanabe asking for additional rice aid.

While expressing gratitude for the smooth arrival of 300,000 tons of rice — the first grant agreed in June between Japan and the DPRK — the letter calls for a second round of meetings, because of the still inadequate food supply.

The Ministry of Foreign Affairs, which was informed of the contents of the letter, has indicated its acceptance in principle because the June agreement clearly states that it is "ready to hold, as occasion demands, meetings for additional rice exports on a deferred payment basis."

In addition to 300,000 tons from Japan, the ROK, too, supplied the DPRK with 150,000 tons of rice in the form of grant-in-aid. But the DPRK still needs additional aid. This reveals the seriousness of the food shortage in North Korea.

However, we hope the Japanese Government will carefully deal with the issue in any meetings on additional aid, while giving consideration to the fact that this is a special measure for a country which has no diplomatic ties with Japan.

First, the government needs to reconfirm it will be humanitarian aid. The most recent issue of a South Korean magazine has quoted Kim Yong-sun, secretary of the Workers' Party of Korea, as saying: "We had no choice but to accept the rice because Japan wanted to send it to us as a form of apology."

Rice is a strategic product and aid is financed by tax payers' money. We want the government to ask the DPRK to explain the actual situation of the food shortage, why additional aid is needed, and other matters, in concrete terms which Japan can use as reasons for reaching a decision.

Moreover, Foreign Minister Yohei Kono, after the first agreement, said: "I hope the agreement will be

North Korea's first step toward joining the international community."

Nevertheless, North Korea arrested a crewman of a South Korean rice-carrying freighter for his "act of espionage" of taking photos without permission, and detained the ship for one week. Since the ROK agreed not to allow crewmen of the ship to take pictures while they are in a North Korean port, the ROK Government apologized to North Korea for the seaman's act. Because of this, the matter was brought to an end. However, North Korea criticized the ROK, saying: "This is an act of provocation aimed at abusing the rice issue for ethnic antagonism and confrontation." North Korea's way of dealing with the issue is far from the common sense of the international community.

Moreover, North Korea arrested and is still detaining a South Korean fishing boat which had entered North Korea's territorial waters by mistake. Because of this, people in the ROK are increasingly critical of North Korea and are calling for the suspension of rice aid.

Improved ROK-DPRK ties is a Japanese Government precondition for aid. We hope the Japanese Government will exchange opinions with the ROK Government over the issue of additional rice aid, and deal with the issue in the interest of stability in Northeast Asia.

'Sources' Reveal Details on PRC Nuclear Tests

OW2508034195 Tokyo TOKYO SHIMBUN
in Japanese 25 Aug 95 Morning Edition p 1

[FBIS Translated Text] The Chinese Government has notified the Japanese Government of its plan to conduct two more underground nuclear tests before the conclusion of the Comprehensive Test Ban Treaty (CTBT). This was revealed by government sources on 24 August.

It is reported that China needs to conduct two more nuclear tests for technical and military reasons. It is believed that the first of the two planned nuclear tests — which will be China's third nuclear test this year — will be conducted in Lop Nor in the Xinjiang Uygur Autonomous Region.

It is most likely that this nuclear test will be conducted sometime in late September or October. This is because it is believed that China will refrain from conducting nuclear tests during, immediately before, and soon after the U N-sponsored international conference on women, which is scheduled to be held in Beijing from 4 to 15 September, and because Chinese President Jiang Zemin is scheduled to attend the Asia-Pacific Economic Cooperation (APEC) forum to be held in Osaka in

November. In addition, the climate in November is unsuitable for nuclear tests.

The last test will be conducted sometime next year before the signing of the CTBT.

China conducted a nuclear test in May and one on 17 August this year. The Japanese Government reacted against this. Yohei Kono, deputy prime minister and concurrently foreign minister, summoned Chinese Ambassador to Japan Xu Dunxin to the ministry to file a strong protest over the testing. At the same time, Kono conveyed a plan to restrain Japan's economic cooperation for China. In concrete terms, the government intends to further reduce its grant in aid to the country from (approximately 7.8 billion yen) in the last fiscal year [parenthesis as published].

If the Chinese side carries out two more nuclear tests as it told Japan, the Japanese Government will face difficulties in handling the matter because China's nuclear testing would prove to be ignoring the Japanese Government's protest and intention to reduce economic cooperation for China.

Policymaker Hints at Demand for PRC Aid Freeze

OW2508142395 Tokyo KYODO in English
1332 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — The policy-making chief of the main ruling coalition partner Liberal Democratic Party (LDP) said Friday [25 August] his party may urge the freezing of part of Japan's financial assistance to China in protest against Beijing's nuclear testing.

"We may have to ask the government to deal severely with the Foreign Ministry's budgetary appropriation requests regarding economic assistance," Koichi Kato, chairman of the LDP's Policy Affairs Research Council, said in response to questions from reporters about possible ways of putting pressure on Beijing to halt its nuclear testing.

Next week the Finance Ministry is to receive budgetary requests from government departments for fiscal 1996 beginning in April next year.

"The government has given China (special) diplomatic consideration, but the ruling parties have become unable to overlook the issue," he said.

Tokyo has told Beijing that it will curtail part of grants in protest against the nuclear testing, but has stopped short of reducing official yen credits.

China on Aug. 17 conducted another underground nuclear test, despite Japan's persistent requests to stop testing.

Further on Not Inviting Taiwan's Li to APEC

OW2408145395 Tokyo YOMIURI SHIMBUN
in Japanese 20 Aug 95 Morning Edition p 2

[FBIS Translated Text] On 19 August, Taiwan President Li Teng-hui indicated his intention to attend the unofficial Asia-Pacific Economic Cooperation (APEC) summit talks to be held in Osaka in November. With regard to Li's remarks, the Japanese Government indicates a negative view that "under the existing circumstances, he cannot be invited," (as stated by a Foreign Ministry source). However, since it is certain that the Taiwan Government will make active moves for a top-level official to participate in the summit, the Japanese Government makes no secret of its puzzlement.

The Japanese Government has stressed that "invitations are issued to participants on the basis of APEC rules, not on Japan-Taiwan relations" (as stated by the same source). However, since participants from Taiwan were restricted to cabinet members in charge of economic affairs at the 1993 Seattle summit and at the 1994 Bogor summit in Indonesia, the government has decided to follow those precedents. Foreign Minister Yohei Kono has repeatedly stated that "the rules observed at the Seattle and Bogor summits will be followed."

With regard to participation by a top-level Taiwan official, China has strongly refuted that it is in violation of the "one China" principle. Thus, it has become difficult for the Japanese Government to eliminate its concerns over "the possibility that China will not attend the summit if a top-level Taiwan official is invited to the summit," (as stated by a government source).

Despite this possibility, President Li has ventured to state his intention to attend the summit. Reportedly, it is with this background that the Taiwan Government went so far as to state President Li's intention to participate, hoping that Executive Yuan Vice President (equivalent to vice premier) Hsu Li-teh, who is also in charge of economic affairs, would attend the summit in place of him. However, since the Japanese Government has not changed its view that Hsu is "vice premier but not a minister in charge of economic affairs," (as stated by a government source) it is impossible, under the current situation, for President Li or Vice Premier Hsu to be present at the summit talks.

Cabinet Secretary Considering Third Extra Budget

OW2508135995 Tokyo KYODO in English
1330 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — Chief Cabinet Secretary Koken Nosaka said Friday [25

August] that he is considering the implementation of a third supplementary budget for fiscal 1995.

"While keeping an eye on economic trends, I will be thinking of a third supplementary budget," said Nosaka, speaking at a prerecording session for a television program.

Bills on the second extra budget, to give boost to the fragile economic recovery, is expected to be presented to the Diet around Oct. 5.

Speaking of the bad loans held by the seven housing loan companies, Nosaka said that greater responsibility should be shouldered by their founding commercial banks.

"A thorough investigation is necessary. The banks need to suffer more and relinquish assets," he said.

Nosaka confirmed the government's policy of refraining from inviting Taiwan President Li Teng-hui to the Asia-Pacific Economic Cooperation (APEC) forum to be held in Osaka in November.

"China would not be pleased with his visit here. We hope to take steps to gain Taiwan's full understanding on the matter," he said.

MITI Outlines Structural Economic Reform Plan

*OW2508115995 Tokyo MAINICHI SHIMBUN
in Japanese 19 Aug 95 Morning Edition p 9*

[FBIS Translated Text] On 18 August, the outline of a plan being worked out by the Ministry of International Trade and Industry [MITI] to bring structural reform to the Japanese economy was revealed. The main point of the economic reform plan, which will be the core of MITI's so-called "scenario for rebuilding the Japanese economy," is that it will set off the future Japanese economy in three phases — the next one, three, and five years — and designate economic targets and specific, major tasks for each phase.

Various recommendations related to monetary, labor, and other policies that involve various government ministries and agencies are to be expressly written into the scenario. During a news conference immediately after the inauguration of Prime Minister Tomiichi Murayama's recently reshuffled cabinet, MITI Minister Ryutaro Hashimoto announced that the ministry planned to draw up this scenario. It will be submitted to the Industrial Structure Council in September and will serve to show how efforts to reform the structure of the Japanese economy will progress over the next five years.

The outline shows that in the first phase, the target over the next 12 months will be to implement "emergency economic measures, including the supplementary bud-

get." In this phase, emphasis will be placed on, among other things, new plans to improve the social infrastructure, and efforts will be made to dispel fears of deflation.

"Drastic fiscal and monetary policies" will be the slogan for the second phase. The plan is to promote further deregulation covering such aspects as labor policies and to implement measures to curb Japan's huge trade surplus, hopefully in three years.

In the third phase, the target will be "the recovery of private investments in plant and equipment as a result of, among other things, the growth of new industries and a self-sustaining, economic growth as a result of rising employment and other factors." It is hoped that this will be realized in five years. Specifically, the plan is to rebuild the Japanese economy under a program, the pillars of which will be, among other things, the creation of more efficient markets by narrowing the gap in prices of consumer goods at home and abroad, the development of new industries, and the shift in the industrial structure to one that is more oriented toward high, value-added creativity.

Regarding the pending issue of the huge trade surplus, further study will be made whether or not to include a numerical target proposed by the ruling coalition parties: "to bring the current account surplus to the 1-percent level of the GDP."

Takemura on Industrial Structural Reforms

*OW2408124295 Tokyo KYODO in English
1001 GMT 24 Aug 95*

[FBIS Transcribed Text] Chiba, Japan, Aug. 24 KYODO — Finance Minister Masayoshi Takemura on Thursday [24 August] called for further corporate efforts for reforming Japan's industrial structure during changing economic conditions.

"Businesses with both advanced and traditional technology should make restructuring efforts in their own way in this world of competition," Takemura told reporters after visiting a large suburban-style supermarket in Chiba Prefecture.

After looking around a two-story store with a floor space of 10,000 square meters, one of the hyper marts of Daiei Inc., Takemura said he can feel that price competition is under way.

The government cannot meet the people's expectations unless it acts in line with economic reality, Takemura said.

Isao Nakauchi, president and chairman of the nation's largest supermarket chain operator, said he told Takemura it is important to encourage venture capital to deal

with industrial "hollowing-out" or shifting production bases overseas.

At a press conference after a series of on-the-spot industrial inspections, Takemura reiterated that not only major companies but also smaller businesses should make further restructuring efforts as the economic situation has changed.

The government will support such efforts so that new businesses can be born, Takemura said.

Besides the hyper mart, Takemura visited Nippon Convention Center, better known as Makuhari Messe, and an electronic parts factory of Futaba Corp., the world's largest manufacturer of fluorescent indicator tubes, both in Chiba Prefecture.

Japan Ford, Volkswagen-Audi Dealers View Market

952A0617A Tokyo NIKKEI BUSINESS in Japanese
19 Jun 95 pp 35-40

[Article by Gen Imagawa]

[FBIS Translated Text] In mid-May, President Konen Suzuki of Ford US' Japanese corporation, Ford Japan, gathered 126 presidents of affiliated dealers from nationwide in Niigata. "In June and July, Ford will introduce a frantic sales promotion. We request that you dealers also ready yourselves for participation."

Subject of the sales promotion are import cars that exclude Ford brand cars produced by Mazda. Ford Japan's sales target for this year includes a 74 percent increase over the previous year of 25,000 units. Amid a slowdown on expansion of import cars as a whole domestically, their aim is to pull way ahead of the pack at one stroke in the bonus sales battle. Their plan is to sell more than 5,000 units in the two months of June and July, which would amount to just less than 40 percent of the units sold last year.

For this reason, dealers were made to agree to supply contracts for just the two months of June and July. The reason the contract that ordinarily lasts for a half year was shortened is to induce them to "sell out" cars supplied for two months by cutting off their line of retreat. Besides television commercials and full page ads in newspapers for consecutive days, they are sending direct mail to all households on the customer list.

The sales plan of the Japanese corporate entity of Germany's Volkswagen, Volkswagen Audi Nihon (abbreviated to VAN), is also outstripping the others. Its sales this year jumped to first place, passing Mercedes-Benz in the import car division, excluding reverse imports by domestic makers.

In mid-April, VAN President Mitsuru Sato said the following at a regional conference where affiliated dealers from all regions north of Kanto were gathered. "We can still go much further. Even with types in areas besides those that sell well, such as left-hand steering wheels, automatic transmissions, we can devise ways to sell more." The interest rate on loans was reduced by one point at the dealerships on Audis beginning in May, launching a low annual interest rate campaign of 2.5 percent. There were also increases in funds for assisting sales promotion to dealers that sold models with long inventory periods at VAN.

Two companies that deserve the greatest attention in the import car market where the likes of Benz, BMW, etc., are competing fiercely are Ford Japan and VAN. VAN is first in unit sales and Ford Japan is running at the front of the pack in the rate of expanding sales. While the methods of selling cars vary between the two giants, the "complexion" of their management, strangely enough, matches in terms of final sales targets.

After five years, Ford Japan will combine 100,000 imported cars and 100,000 Mazda-made cars for a total of 200,000 units. VAN's target is 200,000 units in 10 years. If this is realized, the combined share in the domestic passenger car market of both companies will become approximately 10 percent. While the import car share in 1994 does not exceed 8 percent, it is a formidable target. It cannot be reached unless some share is snatched from that held by Japanese cars. What sort of blueprints are both companies drawing up to conquer the Japanese market?

Aiming To Subdue Toyotas With Low Prices

By the year 2,000, Ford Japan will launch a sedan of the same class as the luxury car Celcio made by Toyota Motor. Currently, Ford U.S. is advancing with joint development with affiliated makers. Says President Suzuki: "We will sell it at about the same price as the Crown (which is one rank under the Celcio)."

The columns supporting Ford Japan's "200,000-unit initiative" are launching new cars and its low price policy. In the five-year midterm business plan beginning in fiscal year 1996, it has specified the set price for each year of models already being sold along with plans to launch new model cars. According to that, it will gradually reduce prices of the majority of existing models by the year 2,000.

Japan's consumers were impressed by Fords in May of last year. It was probably due to the "Mustang," the sporty car that appeared at a low price that shattered the conventional wisdom about "foreign cars." While equipped with an engine with a large displacement of

3,800cc, it is priced at 2.29 million yen. That money would only buy a 2,000cc engine domestically made car.

However, a "fun car" like the Mustang just does not sell in high numbers. The sedan is the mainstream conservative choice of Japan's market.

In June after one month had elapsed, Ford Japan announced that the sedan "Mondeo" was being produced in Belgium. The 2,000cc four-door sedan costs 2.21 million yen. There is no price difference with the same class of sedans such as Nissan Motor's Primera and Toyota's Carina. While the price is similar to domestically produced cars, it is standardly equipped with such safety equipment as driver- and passenger-side air bags, side beams that lessen impacts from the side direction, etc.

Low price and safety; in sales promotion that equals points that are easily understood by Japanese consumers. Ford Japan's sales of imported cars in 1994 reached 14,300 units or 2.8 times the previous year.

Currently, Ford Japan is dealing in 10 models of imported cars. Among them, the four models of sedans, which are indispensable for acquiring market share, appear abundant, but the luxury sedans "Continental" and "Thunderbird" have excessively large bodies so there is almost no demand for them. President Suzuki's view is that "in order to achieve the 200,000 unit strategy, a full lineup of models will be necessary." The reason for launching a model to counter the Celcio is to fill the void for luxury sedans.

Meanwhile, in the mass consumption class, it is studying launching a model of the same class as Nissan's "March." Surfacing as a candidate is the "Fiesta," etc., being manufactured in Europe. Its price, says President Suzuki, will fall below "1.0 million yen," carrying through with the low price line in order not to be beat by Toyota.

Why is it able to launch a car at this low price? President Suzuki explains, "It is because Ford U.S. is earnestly trying to do business in Japan." In 1991, when President Suzuki, who had been a leading figure at Toyota made a complete change and assumed the post of president of Ford Japan, Executive Vice President Booker told me to "acquire 5 percent of the domestic share."

[Suzuki] If you want to sell that much, your competition will not be imported cars but Japanese cars.

[Booker] If that is the case, we will have to lower prices.

The low price policy was determined by Vice President Booker's two replies. President Suzuki stresses the easiness of the job, saying "the handling of U.S.

companies anticipates one's every wish. They have a complete backup system."

The low price policy is being introduced in regular inspections and repair parts as well. This is because in order to compete with Japanese cars, it is necessary to make the cost of upkeep after purchasing the car on a par with Japanese cars. Although parts as a whole are approximately 20 percent higher than domestically produced cars, consumable items such as brake pads and oil filters are, in fact, cheaper. The manager in charge of general business headquarters Yoshimasa Nakajima explains the aim: "If maintenance costs can be lowered, customers will also choose Fords when they buy their next car." Ford Japan's policy of trying to hack its way into the bastion of domestic cars has made steady strides.

New Channel With Cars Manufactured in Spain

On the other hand there is VAN. Like Ford Japan, it is aiming to expand sales by launching new model cars. Its leading product will be the introduction in 1997 of the "Seato" that the German home company is producing in Spain. The Seato brand has five types: a sedan, a commercial vehicle, and others. Although it still has not been decided which type will be introduced in Japan, there is a secret plan, namely, of constructing a new sales channel.

Because Spain's personnel expenses are relatively inexpensive for Europe, with the Seato, a segregation of niche will occur on the price front with the Volkswagens that are currently being marketed. There are currently two sales channels of Volkswagen and Audi cars: the Fahren agency that VAN opened up on its own and the DUO agency managed by Toyota-affiliated dealers. Added to this will be a third channel for the Seato, and the aim is to make this a driving force toward achieving the 200,000-unit target.

As for VAN's new model car expansion, it will start off with the small volkswagen "Polo" in the "March" class that will be launched at the beginning of 1996. VAN's 1996 sales plan is a 30-percent increase over the previous year of 65,000 units, but according to President Sato, its reading is that among this, "20,000 units can be achieved with the 'Polo'." As its luxury sedan, it will increase its model formation with the "A class" luxury car Audi.

While it will use new model cars as a weapon for expanding its share just as Ford Japan will, there is a difference in the terms of their pricing strategy.

In contrast with Ford Japan's considering Japanese-made cars to be its competition, Van will "appeal to

differences with domestically produced cars, and find a market for them that way," says manager of sales headquarters Satoshi Taki.

"Differences" does not just mean safety equipment such as air bags and side impact door beams, but stress is placed on the added value of portions not visible to the eye that give a certain simple strength as an image of German-made products, such as high-speed riding performance and the high rigidity of the body. Says President Sato, "It is critical to sell at an 'appropriate price' in keeping with the product's value."

However, even VAN does not think that it can make it to 200,000 units per year in sales through a mere reliance on such things as image and strength as a product. Stresses President Sato, "Until reaching 100,000 units which is the 1999 sales target, we will not change our price policy." However, he also says that when it comes to the final target of 200,000 units, "we will probably end up expanding the purchasing range to include future users of domestically made cars. At that time, it will be necessary to be flexible with prices as well."

President Sato originated from the field of sales at Honda Motor Industries. He made a name for himself by sales of Chrysler cars at Honda. Under President Sato which completed internal defenses, VAN hastened to expand its hegemony.

Strategy Toward the 200,000-Unit Target: Restraint of Low-Margin Discounts—Ford Japan

The front lines supporting expansion toward a 200,000-unit system are the dealers. Ford Japan has adopted a dealer policy that has made a novel departure even among Japanese corporate entities of makers of imported cars in its method of setting a sales margin.

The import car margin of Ford-affiliated dealers is the lowest level amid each of the affiliated dealers. It is 18 percent of the maker's desired retail price. Compared to the fact that the average for imported cars is approximately 20 to 22 percent, its lowness is exceptional. Why is it setting the price so low?

President Suzuki returns an unexpected answer: "It is so the dealers can make a profit."

Domestic manufacturer-affiliated dealers are regularly subject to price wars. According to the president of a Toyota-affiliated dealer, "More than 80 percent of customers accept contracts at a discounted margin." Not only does a price war impoverish the dealers, it lowers the morale of those in charge of sales and diminishes the image of the product.

By reducing dealer margin, Ford Japan severed the vicious cycle in which discounts are attempted even at

risk of cutting margins, and attempts to prevent the same Ford affiliates from falling into the mire of price wars.

Initially, there was a strong negative reaction from customers regarding "no discounts." Since May of last year when Ford Japan embarked on its sales offensive, according to Ford Narishiro managing director Motooki Kihara, "patronage has expanded, but it has been hard to get contracts." Even so, Ford Japan continued to instruct dealers on the negotiation method of earnestly appealing to the low, vehicle, base price and safety.

Effects began to appear from around the latter half of last year. Regions where customers live were worked by dealers in the surrounding area, and efficiency of sales and after-market service has risen. Many of the customers strongly requesting discounts would visit several dealers and weigh them against each other. As a result of restraining discounts, neighborhood customers who thought about the convenience of service after purchasing the car became central. Now, 90 percent of Ford Narishiro's customers are living within a 5-kilometer radius of the dealer.

As a result of the introduction of low-priced cars and restraining discounts, the number of dealers running surpluses has increased as much as 70 percent in 1994 from 10 percent in 1992.

The number of dealerships will increase this year by 80 stores in one year. Ford Japan has already entered into negotiations with 71 dealers of domestic cars, and 91 agencies have become candidates. The final target is to have 700 agencies by the year 2,000. By the multiplier effect of product power and sales power, it will move toward penetration into the domestically produced car market.

Reaching Targets Yields Additional Margins—VAN

VAN's margin policy regarding dealers contrasts with Ford Japan. It is attempting to use margin as an incentive to promote sales.

In January 1995, VAN reduced dealer margin by two points, making 19 percent for Audi and 18 percent for Volkswagen. Curbing discounts was not the objective. The intention was to try to expand sales with the reverse initiative of providing the same margins (21 percent for Audis, 20 percent for Volkswagens) as in the past for those dealers that achieved unit sales targets.

Target sales unit numbers cannot be achieved by selling cars just anywhere. A "sales region of responsibility" is determined for each dealer, and cars sold outside of that region are not counted in the unit number when calculating the margin addition. VAN's aim, like Ford Japan, according to sales headquarters manager Taki, is

to "promote efficient management by focussing sales on the customers in the dealers' vicinity."

Only Fahren agents are subject to this margin method. Because Toyota is wholesaler for Toyota-affiliated DUO agents, VAN's policies do not apply to it. The two-channel system of Fahren agents and DUO agents has become a cause for instability in VAN's sales.

As for DUO agents, there are numerous cases that, despite being Toyota affiliates, they are being operated by strong, major, sales companies. Because profits can be earned from Toyota cars, they initiate more wide-ranging discounts than the majority of Fahren stores, which can only rely on Volkswagens and Audis.

President Isamu Arai of Fahren Urawa, whose commercial territory clashed with the DUO stores run by Saitama Toyopet says, "There are even some DUO agents that came out with discounts that are twice as much as ours."

While VAN urges efficient management of dealers on the one hand, on the front lines of sales, dealers are being forced to rush into price wars.

However, the reason that VAN is able to maintain growth in unit sales is on account of the DUO stores, which sell more than half among the 176 dealers. It is not possible to give preferential treatment to Fahren agents in such things as models handled, etc.

As a strategy to fortify Fahren, VAN has set about impressing on people its difference with DUO stores in after-market service. Beginning on 26 May, it began a system called "Doctor Fahren" in which customers who purchase from Fahren stores will receive preferential treatment in inspection and service.

In the plan to expand the network of dealerships, mainly the number of Fahren agencies will be increased. It will generally increase its agencies to 250 in 1997, but among these it intends for Fahren agencies to comprise 60 percent of the whole. President Sato holds a strong opinion that "creation of VAN's individual product image will be by the Fahren agencies." Expansion of sales and maintaining image: strategies aimed at double gains have begun to move.

Ford Japan can still expand sales by cultivating new customers. However, in order to exceed the milestone of 100,000 units, it will be indispensable to pick up the repeat business demand of customers to whom they have already sold once. Not only its product power but its sales capacity will be challenged. In the world of import car sales, the question is whether the "unrefined" Japanese style of sales will hold water. President Suzuki's true worth will be put to the test

in two years when repeat purchasing demand gets into full swing.

Meanwhile, VAN's future will likely hinge on to what extent it can adopt a resolute price strategy. VAN evidences a top-class growth rate among the Volkswagen Group. Even though it is clear that it cannot achieve a 200,000-unit-per-year system by product image alone, the German home company which has known the "taste" of the Japanese market cannot easily change its price strategy. VAN appears to be falling into a dilemma between the German home company and the domestic market. It is time for President Sato, who was able to persuade Chrysler to lower prices during the Honda era, to show his ability.

Economic Association Head Asks Larger Tax Cuts

OW2508043895 Tokyo KYODO in English
0418 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — The head of the Japan Association of Corporate Executives (Keizai Doyukai) on Friday [25 August] proposed a set of measures meant to revitalize Japan's economy, including a larger tax cut of 3 trillion yen next year, association officials said.

Jiro Ushio, chairman of the association, made the request during a meeting with Prime Minister Tomiichi Murayama at the premier's official residence.

The existing cuts in income and residential taxes should continue in the next fiscal year, and on a larger scale of 3 trillion yen compared with this year's 2 trillion yen, Ushio was quoted as saying.

A combined 5.5 trillion yen of tax reductions are planned for this year, comprising a permanent cut of 3.5 trillion yen and the special 2 trillion yen cuts in income and residential taxes, which are to be reviewed next year by taking economic conditions into account.

Ushio also called for a reduction of 2 trillion yen in corporate tax and a special appropriation of 3 trillion yen for public projects in the information, telecommunications and scientific technology areas, the officials said.

Murayama said the government will study these suggestions swiftly, the officials said.

Tax Panel Head Criticizes Bureaucrat-Led Councils

OW2408144295 Tokyo KYODO in English
1421 GMT 24 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — The head of a government tax panel on Thursday [24

August] criticized the nature of councils, describing them as being under too much influence of bureaucrats.

"Councils have become organs to give approval and credibility to the ministries' policies," said Kan Kato, chairman of the Tax Commission, speaking at a hearing held by the Liberal Democratic Party's (LDP) project team for administrative reform.

He was particularly sharp-tongued about the Fiscal System Council, an advisory body to the Finance Ministry, saying it is "under the thumb of the budget bureau" and "has no opinions to offer."

Kato, a professor at Keio University, also said it is "not right" for former bureaucrats to be appointed to chair councils.

He called for large-scale reform to do away with bureaucrat-led administration. As a first step, he suggested a joint meeting between the Tax Commission, which deals with fiscal revenue matters, and the Fiscal System Council, which discusses fiscal expenditures.

The LDP project team will draw up a report based on views given at the hearing about councils and the method of electing their chairmen.

BOJ Source Welcomes Bundesbank's Rate Cut

*OW2408135395 Tokyo KYODO in English
1249 GMT 24 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — A Bank of Japan [BOJ] source on Thursday [24 August] welcomed the German Bundesbank's key rate cut, calling the move "larger than expected and drastic."

The source made the remark shortly after the German central bank's policy-making council reduced the nation's key discount and Lombard interest rates by 0.5 percentage point to 3.50 percent and 5.50 percent respectively.

"The timing was good," said the source, predicting the U.S. dollar will accelerate its strength on Germany's easier credit conditions.

In London, the dollar advanced to 1.4920 marks and 97.10 yen on the Bundesbank's move in early Thursday trading. But around noon the U.S. currency was changing hands at 1.4874-79 marks and 97.00 yen flat.

MOF Criticized for Farm Bank's Bad Loans

*OW2408150595 Tokyo KYODO in English
1418 GMT 24 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — The Finance Ministry should accept responsibility for farm banks' massive loans to the nation's seven housing loan companies, which are undergoing financial

reconstruction under the burden of more than 6 trillion yen in bad loans, a senior farm ministry official said Thursday [24 August].

Kikuhito Sugata, financial manager of the Agriculture, Forestry and Fisheries Ministry, made the remarks in reference to a memorandum exchange between the two ministries, which he said guaranteed the principal of loans extended by agriculture-related financial institutions to housing loan companies.

Founding banks have naturally to take the utmost responsibility and so does the Finance Ministry, which supervises these banks, Sugata said.

The memo, presented to the day's meeting of a task force of the ruling coalition parties on financial problems, said the finance and agricultural ministries will have the founding banks make a definite promise in writing to the effect that they will take responsibility for reconstructing housing loan firms in line with reconstruction plans.

It also said the Finance Ministry will take responsibility for instructing founder banks not to cause any burden to agriculture-related lenders such as Norinchukin Bank.

Farm-related financial institutions had extended 5.5 trillion yen in loans to housing loan firms as of March, more than 40 percent of the total loans to the housing companies.

The task force's officials said the two ministries are at odds over the responsibility for housing loan firms' failure.

The farm ministry claimed that the memo effectively guaranteed the capital of loans by agricultural lenders because such loans will be returned when the reconstruction plans are carried out, the officials said.

"Even if housing loan firms are liquidated, this spirit should be retained," another farm ministry official said.

The Finance Ministry objected to such claims and contended the memo has no word about principal being guaranteed, they said.

The officials said although farm banks once considered collecting their loans to housing loan firms, they continued lending to cooperate in the reconstruction plans because of the memo.

Whether the administration assumes responsibility will be a major question when working out a policy for the disposal of housing loan companies, they said.

The memo was signed by the then heads of the Finance Ministry's banking bureau and farm ministry's economic bureau on Feb. 3, 1993, ahead of sketching

out the second reconstruction plan for the seven housing loan firms.

It consists of three sections — matters to be definitely promised by founding banks, reduction of interest on loans extended by agricultural financial institutions and the Bank of Japan's lending to Norinchukin Bank.

Housing loan firms were established in the 1970s with the Finance Ministry's backing to meet growing demand for individual housing loans.

During the speculative "bubble" economy, however, the companies began leaning toward providing loans to the real estate sector rather than individuals as originally intended.

Farm-related banks injected massive loans into these housing loan firms apparently due to government notices that loans to these nonbank companies be classified as those to financial institutions and that such loans not be covered by a restriction imposed in 1990 on lending for real estate deals.

Against this backdrop, the responsibility of the Finance Ministry has become a subject of argument over the disposal of housing loan firms.

The Finance Ministry started on-the-spot inspections of housing loan companies in mid-August to scrutinize their real financial conditions.

"The Finance Ministry should first make public the results of the on-the-spot inspections and fix their claims," the farm ministry's Sugata said.

Discussions on whether to liquidate housing loan firms should come after clarifying the actual state of their loans, Sugata said.

Panel: Checking System Needed for Credit Unions

OW2508114495 Tokyo KYODO in English
1035 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — A government advisory group on Friday [25 August] broadly agreed to reinforce a checking system for credit unions to make their operations sounder and prevent a repeat of the recent failure of Cosmo Credit Corp., ministry officials said.

Members of a subcommittee on stabilization of Japan's financial system and prefectural government officials invited to the day's gathering agreed on the need to step up the disclosure of credit unions' operations, the officials said.

The subcommittee is a unit of the Financial System Research Council, an advisory organ to the finance minister.

The panelists also agreed that internal supervisory systems should be strengthened through enhanced training of experts, the officials said.

They said the panelists also sounded positive about introducing outside auditors to check the management of credit unions.

But the panelists, pointing out that a checking system alone could not solve the problem, sought administrative roles, including an early warning system and appropriate administrative instructions, the officials said.

Officials from the Tokyo metropolitan government, the Osaka government and the Gunma government attended the subcommittee meeting. Local governments are in charge of overseeing credit unions.

Officials from the Tokyo government said financial aid from local governments is necessary in the case of credit union failures, the ministry officials said.

The Tokyo government officials were quoted as saying each local government is responsible for stabilizing the local economy.

Views were mixed about whether or not to change the current 20 percent rule regarding deposits at credit unions.

Combined deposits by those other than credit union members must be less than 20 percent, a rule almost ignored.

Some panelists stressed the need to ensure a strict obedience of the rule but others were willing to relax it to make it more reflective of reality, the officials said.

Premier's Advisory Body Abandons ATR Plan

OW2408140295 Tokyo KYODO in English
1213 GMT 24 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — A commission advising the prime minister on atomic energy said Thursday [24 August] it will abandon a proposal to build a demonstration version of an advanced thermal reactor (ATR), a project it originally designated as of national importance.

The proposal by the government-affiliated Electric Power Development Co. to build the 606-megawatt demonstration ATR in Oma, Aomori Prefecture, in northern Japan, was opposed by the Federation of Electric Power Companies, which groups nine electric power firms, due to high costs.

The Atomic Energy Commission said it will instead build an advanced boiling-water reactor (ABWR).

It designated the ATR as a national project in 1966 that involved the Ministry of International Trade and Industry, the Science and Technology Agency and the nine electric power companies.

The commission will formally adopt the decision at a meeting Friday, necessitating a far-reaching revision of the nation's long-term nuclear power plans.

The electric power companies asked the government to scrap the plan in a proposal submitted July 11.

The federation said the cost of building and operating an ATR would be more than three times that of constructing and generating electricity at an ABWR.

The alternative plan substantially accepts the federation's proposal for burning the plutonium mixed oxide fuel (MOX) that would have been used in the demonstration ATR.

The commission said it will recommend that the currently operating prototype ATR, known as Fugen, in Tsuruga, Fukui Prefecture, should continue operation to perfect ATR technology.

It was hoped that the development of an ATR would pave the way for the practical use of a fast breeder reactor in Japan.

Under the existing plan, the ATR, which has the advantage of burning a number of different types of fuel, was to be given the task of burning plutonium from reprocessed spent nuclear fuel as MOX, in the same way as a fast breeder reactor.

This was an attempt to remove any doubts overseas that Japan, which has announced a policy of recycling its nuclear fuel through the reuse of spent fuel, would use plutonium for nuclear weapons.

But with the abandonment of the demonstration ATR plan, the commission will have to reexamine the future use of plutonium, analysts said.

DA To Develop Command System for Emergencies

OW2408043295 Tokyo MAINICHI SHIMBUN in Japanese 23 Aug 95 Morning Edition p 3

[FBIS Translated Text] As of 22 August, the Defense Agency [DA] has decided to develop a new central command system using computer networks to upgrade its capability to collect and communicate information. The new command system is designed to promptly react to disasters such as a great earthquake, as well as other emergency cases, and to effectively operate each unit of the Self-Defense Forces [SDF]. The DA intends to ask for 8.8 billion yen in its fiscal 1996 budget to cover system designing costs. It plans to install computer networks linking the agency, the prime

minister's official residence, and each ministry and agency to improve the government's crisis-management ability, which was criticized in the wake of the 17 January great Hanshin earthquake.

Under the present system the existing "central command section" of the Joint Staff Council makes a decision to send the Ground, Maritime, or Air SDF on a large-scale disaster relief mission after gathering as much information as possible. In reality, however, information is sent to the necessary section from disaster areas through a defense micro-circuit and facsimile. This means there are limits to the DA's information processing capability.

The new system, which would link the central command section with each SDF unit through on-line computer networks, is designed to enable immediate processing and operation of a large amount of data. The DA also intends to connect itself with the prime minister's official residence and other ministries and agencies via on-line networks so that the prime minister and the supreme command of the SDF can obtain the information simultaneously.

The DA plans to have the SDF's new operating system running by fiscal 1999, when its new building is scheduled to be completed in Ichigaya, Tokyo. The cost of the new system is estimated at tens of billions of yen.

Reportage on Budget Request for Fiscal 1996

Requests Highest in 7 Years

OW2508125595 Tokyo KYODO in English 1143 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — Budgetary requests of government ministries and agencies for fiscal 1996 are expected to rise 11.6 percent from the current year's initial budget to 79.19 trillion yen, the highest growth in seven years, the Finance Ministry said Friday [25 August].

Double-digit growth in the general-account budget would be the first since fiscal 1990.

The projected expansion is chiefly due to an expected sharp rise in debt-servicing costs, the ministry said.

Reflecting slack tax revenues due to the slumping economy, general-account revenues for next year are estimated to fall short of the original ministry estimate of 70 trillion yen, resulting in a revenue shortfall of more than 9 trillion yen.

"The gap is too large to allow makeshift budgetary techniques to cover the shortfall," a ministry official

said, indicating the ministry will float deficit-financing bonds.

Requests for general operating expenditures — the core budget for defense, public works and other key spending which exclude debt servicing and tax grants to local governments — are estimated at 43.93 trillion yen, up 4.2 percent, the maximum allowed under a ceiling imposed in late July.

Ministries and agencies are to formally submit their budget requests by the end of August.

The ministry will review priorities in screening these requests and compiling its draft budget, keeping in mind both increasingly severe fiscal conditions and the stagnant economy, ministry officials said.

The cabinet of Prime Minister Tomiichi Murayama is to adopt a final budget plan in late December if everything goes smoothly, they said.

Requests for the general fiscal investment and loan program, popularly known as the "second national budget," are estimated at 41.54 trillion yen, up 3 percent from the initial fiscal 1995 program worth 40.24 trillion yen, the ministry said.

The 3 percent growth is the smallest since fiscal 1986, but the absolute level of the requests remains high because of sharp increases since fiscal 1992, ministry officials said.

The program is designed to improve social infrastructure such as roads and housing by utilizing funds collected through postal and pensions savings.

Among requests under the program, those by housing-related government-affiliated bodies are expected to rise some 1 percent to 12.09 trillion yen.

The 1 percent growth is minimal, reflecting recent sluggishness in housing starts, compared with the 15 percent rise in fiscal 1995, but the absolute level remains high, the officials said.

Requests related to smaller businesses are estimated at 5.52 trillion yen, down 12 percent.

Those by the Export-Import Bank of Japan, Japan Development Bank and other government financial organizations are expected to fall 13 percent to 3.55 trillion yen, partly because the Development Bank plans to reduce its business in line with a government decision to trim it as part of its administrative reforms, they said.

In addition to general operating expenditures, requests for funds to cover debt-servicing costs are estimated at 17.47 trillion yen, up 32.2 percent, while tax grants to local governments are expected to total 15.92 trillion yen, up 20.5 percent.

DA To Request 4.866 Trillion Yen

OW2408133595 Tokyo YOMIURI SHIMBUN
in Japanese 24 Aug 95 Morning Edition p 2

[FBIS Translated Text] On 23 August, the Defense Agency [DA] held a meeting of senior officials to decide on a draft defense budget request for fiscal 1996. The DA will ask for 4.866 trillion yen for the defense budget for fiscal 1996, in line with a 2.9-percent ceiling on increases.

For procurement of major front-line equipment, the draft request includes 17 new armored vehicles (totalling 2.8 billion yen) for the Ground Self-Defense Force, 12 next-generation support fighters (FSX) (totalling 147.6 billion yen) for the Air Self-Defense Force, and a new escort ship (67.9 billion yen) for the Maritime Self-Defense Force. Total spending for procurement of front-line equipment, including deferred payments, amounts to 799.1 billion yen, an increase of 5.5 percent over the 1995 request.

For procurement contracts for new front-line equipment, the DA has decided to request 919.7 billion yen, which falls short of the 921.5 billion yen requested in the 1995 defense budget request, out of consideration for the position of the ruling Social Democratic Party of Japan.

The DA plans to procure the new armored vehicles for use by Self-Defense Forces members when they participate in UN Peacekeeping Operations (PKO) and in rescue operations in disaster areas in Japan. The new armored vehicles will be equipped with convertible machine guns and automatic grenade launchers. They have a top speed of 100 kilometers per hour and are capable of climbing 2.1 meter-high embankments.

MPT To Ask for 2 Billion Yen

OW2408121995 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 22 Aug 95 Morning Edition p 5

[FBIS Translated Text] On 21 August, the Ministry of Posts and Telecommunications [MPT] firmed up its policies for compiling its budget for fiscal 1996. The MPT will ask for about 2 billion yen, twice as much as its initial budget for this fiscal year, for research and development in the area of communications and broadcasting. The ministry plans to use the increase for development of a "consignment research system" to support development of fundamental technologies that private companies tend to ignore and also "code and authentication technology," which is indispensable for popularizing electronic business transactions.

Because of the special additional budget measure (4 billion yen) for information and communications and other

reasons, the Ministry of Finance approved the MPT's budget ceiling, which is 10 billion yen more than the initial budget for fiscal 1995 (about 50 billion yen). The MPT will spend almost all of this increase on research and development in the field of communications and broadcasting.

The main feature of the MPT's policy is a plan to set up a consignment research system, in which the government specifies the subject of development and bears development expenses for corporations. Its aim is to encourage development of fundamental technology, which takes from five to ten years before it can be used for commercial purposes. The MPT wants to build a next-generation optical fiber network that does not use electric signals for its switchboard and a super high-speed multimedia mobile communications network. In addition, the MPT plans to start five projects early next fiscal year, including development of technology for transmitting images with incorporated copyright information.

In addition, the MPT will invigorate research and development within the framework of its own and affiliated organizations. Regarding electronic business transactions, which is now widespread on the Internet and other networks, the ministry will buckle down to the task of putting technologies for coding and identifying private information to practical use. Upon development of such technologies, the MPT's "study group for utilization of electric information and networks" will promptly prepare a report calling for immediate improvement of communications networks.

MOT Maps Out Requests

OW2408142095 Tokyo KYODO in English
1031 GMT 24 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — The Ministry of Transport (MOT) adopted budget requests for fiscal 1996 on Thursday [24 August], seeking 975.9 billion yen for the general account and 2,716.2 billion yen for treasury investments and loans, officials said.

The figures represent respective increases of 4.3 and 20.7 percent over the initial budget for fiscal 1995 ending next March, the officials said.

The requests include 30.5 billion yen for building additional super express train lines and 6.2 billion yen for making railroads and port facilities more earthquake-resistant, the officials said.

They also said the ministry will seek 123.8 billion yen and 241.5 billion yen to finance the seventh five-year airport improvement project and the ninth five-

year harbor improvement project, both of which will get under way in fiscal 1996.

MAFF Seeks 2.7 Percent Increase

OW2408122295 Tokyo KYODO in English
1102 GMT 24 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — The farm ministry will seek general-account appropriations totaling 3,543.9 billion yen under the fiscal 1996 budget, up 0.2 percent from the initial fiscal 1995 budget, ministry officials said Thursday [24 August].

They said the Ministry of Agriculture, Forestry and Fisheries (MAFF) will separately seek most of the appropriations to deal with the Uruguay Round accords for liberalizing farm trade.

The government has agreed to appropriate a total of 6.01 trillion yen over a six-year period, which started in fiscal 1995, to alleviate the effects of the accord on Japanese farming.

The ministry will also demand 89.1 billion yen under a quota to promote public works spending, and including that amount will seek appropriations of 3,633 billion yen, up 2.7 percent, the officials said.

S&T To Seek 9.3 Percent Rise

OW2508112995 Tokyo KYODO in English
1055 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — The Science and Technology (S&T) Agency on Friday [25 August] adopted a package of budget requests for fiscal 1996 starting next April, with an emphasis on measures to combat earthquakes and support for the education of young researchers, officials said.

General-account requests total 538.3 billion yen, up 9.3 percent over the initial budget for fiscal 1995, the officials said.

The total includes 9.9 billion yen to finance measures to improve Japan's capacity to deal with earthquakes, such as programs to upgrade the quake-monitoring network and support local governments in carrying out quake-related surveys.

The officials also said the agency will seek budget appropriations of 8.1 billion yen to send 500 young scholars to state-run or overseas research institutions and 15 billion yen to promote basic studies for the creation of intellectual property.

To finance studies on the disposal of high-level radioactive waste, the agency will demand 9.4 billion yen, the officials said.

Government ministries and agencies will submit their fiscal 1996 budget requests to the Finance Ministry at the end of this month.

Agency Forming Plan To Boost Forestry Business
OW2508045395 Tokyo KYODO in English
0440 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — The Forestry Agency is drawing up a plan for the drastic restructuring of Japan's declining forestry industry, agency officials said Friday [25 August].

The plan aims "to reinstate the forestry industry" by encouraging new workers to join the business, by supporting the management of the industry, and by expanding demand for domestic timber.

The officials told KYODO NEWS SERVICE the agency will submit three bills to the next ordinary session of the Diet due to be convened in January, in the hope of implementing the new plan in fiscal 1996 starting next April.

They said a new policy is necessary to revitalize Japanese forestry, in which the number of workers has fallen dramatically from about 190,000 in 1980 to 100,000 at present, with almost 70 percent now over 50 years old.

Wage levels in forestry are relatively low, at about 15 percent below those in the construction industry, the officials said.

Specific measures sought under the agency's new policy include a system to provide low-interest, long-term loans for those who want to join the industry.

Also being considered are arrangements to lease out advanced equipment to improve productivity, and help for owners to manage forests, the officials said.

They said about half of Japan's privately owned forest is not well maintained, due mainly to low profitability.

Under competition from low-priced imports, the market share of domestic timber has steadily declined from its peak in 1980, the officials said.

They said the price of typical cedar timber has fallen to about 60 percent of the 1980 peak, while the cost of planting new trees has increased by about 60 percent, discouraging forest owners from keeping up the business.

According to the agency's statistics, Japan's area of forest has stayed at about 25 million hectares for the last 30 years, with its ratio to the nation's total land at about 67 percent — the highest in the world.

Ministry Reports Cut in Rice Cultivation Land
OW2408141195 Tokyo KYODO in English
1227 GMT 24 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — The agriculture ministry said Thursday [24 August] that the reduction of land under rice cultivation totaled 659,000 hectares at the end of June, 21,000 hectares short of its target for fiscal 1995 that started in April.

But the ministry said the reduction is in compliance with its plan because 20,000 hectares have already been converted to nonrice cultivation or become subject to eased requirements for reduction.

Farm industry officials brushed aside the ministry's explanation as merely trying to balance the books.

To correct a glut of rice caused by last year's abundant harvest, the ministry decided to cut back on land under rice cultivation to 680,000 hectares for fiscal 1995, an increase of 80,000 hectares from the previous year.

Industrial Production Flat in Apr-Jun Quarter
OW2508124895 Tokyo KYODO in English
1219 GMT 25 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 25 KYODO — Japan's industrial production in the April-June quarter was flat from the previous three months, marking an end to five straight quarters of growth, figures released by the Trade Ministry showed Friday [25 August].

The seasonally adjusted production index was 95.5 against 100 for 1990, the ministry of international trade and industry said.

The shipment index for the quarter stood at 97.3, up 1.0 percent from the preceding quarter, rising for the sixth quarter in a row.

"Production is likely to stay flat," a ministry official said, adding that industries are seeing notable differences between their production and shipment figures.

The electric machinery industry posted relatively good figures, with production and shipments rising for the sixth straight quarter due to increased demand for integrated circuits.

In the paper and pulp industry, production grew for the seventh consecutive quarter on demand for printing paper.

North Korea

Daily Views U.S. 'Hostile Policy'

SK2408144095 *Pyongyang Korean Central Broadcasting Network in Korean*
1225 GMT 24 Aug 95

[NODONG SINMUN 24 August commentary: "It Should First See Its Own Responsibility."]

[FBIS Translated Text] The United States is still pursuing a hostile policy against the DPRK. This is evidenced by the fact that the United States again thoughtlessly slandered us and tried to find faults with us, saying our nuclear threat is the most urgent security issue in the Asia-Pacific region and talking about our socialist system. We cannot overlook the fact that the United States is speaking ill of us and taking a very agitating attitude. The nuclear issue the United States is trumpeting is an absurd sophism.

We do not intend to discuss that. The question is why the United States is raising phony facts and making a fuss. For a long time, the United States has sought to rule the Korean peninsula and the Asia-Pacific region with an aggressive Asia strategy. To this end, it has stationed the U.S. forces in South Korea and other places. To justify this, the United States talked about the so-called communist threat and the possible southward advance by the former Soviet Union. With the end of the Cold War and confrontation among the powers, it lost its justification for the military domination and occupation in the region.

The United States has since sought a new target of threat and chose us. By taking issue with us, the United States is trying to beautify, embellish, and justify its rule and occupation of South Korea and the Asia-Pacific region, the justification of which is fading away. The objective is to maintain and strengthen its military position in South Korea and the Asia-Pacific region, and to establish an order of domination in its favor in this region.

It is ridiculous that the United States, which is creating the greatest nuclear threat in the world and which is the most ruthless country of dictatorship, talks about someone else's nuclear threat and takes issue with the popular masses-centered socialism of our country. The U.S. maneuver to rule and occupy the Asia-Pacific region is aggravating military tensions and creating the risk of armed conflicts in this region. This is gravely endangering the peace and stability of the Korean peninsula, East Asia, and the entire world.

Alleviating tensions and guaranteeing peace on the Korean peninsula is a key to guaranteeing the peace and security of the Asia-Pacific region and the world. What

is important for easing tensions and guaranteeing peace on the Korean peninsula is to replace the Armistice Agreement with a peace agreement and to establish a new peace-guaranteeing system. The current armistice system cannot guarantee eased tensions and peace on the Korean peninsula. The on-going armistice system puts the DPRK and the United States in hostility and poses a factor in causing an accidental military collision.

The legal parties concerned in establishing a new peace-guaranteeing system are the DPRK and the United States. Nevertheless, the United States allowed the intervention of the South Korean puppets, who have nothing to do with this matter, and tried to avoid its responsibility of assuring peace. If the United States means what it said and is truly interested in the alleviation of tensions and security on the Korean peninsula, as well as the peace and stability of the world, it should not misbehave itself by finding fault with others but respond to our proposal for establishing a new peace-guaranteeing system as soon as possible.

Pyongyang Holds Mass Rally To Welcome Defectors

SK2408125695 *Pyongyang Korean Central Television Network in Korean* 1100 GMT 24 Aug 95

[FBIS Translated Text] A Pyongyang mass rally was held at the Central Hall of Workers on 23 August, welcoming compatriot Chong Yong-chun and his wife who defected to the northern half of the Republic. At the rally, a decree of the DPRK Central People's Committee was read, and compatriot Chong Yong-chun and his wife Kim Hui-suk received the decorations of the Republic, cash award, and souvenirs.

Sin Han-pang, vice chairman of the Pyongyang Municipal Administrative and Economic Committee, delivered a welcoming speech at the rally.

Then, compatriots Chong Yong-chun and Kim Hui-suk made speeches in reply. Citing the saying "Seeing is believing," they said: When we directly saw the reality of North Korea, we came to firmly believe that North Korean socialism is the best social system for the working masses.

They noted: The social systems of South and North Korea, which are of the same territory, are entirely different from each other. The South Korean society is a hopeless society with no future, while North Korea is a prosperous and hopeful world.

They expressed their deep impressions of the people-loving, benevolent politics practiced by great General Kim Chong-il in North Korea, and stressed that the respected and beloved general is the supreme model of

the masses' great leader who esteems the people like heaven and warmly looks after them.

They were firmly resolved to make every possible effort for the fatherland's reunification, upholding the leadership of respected and beloved General Kim Chong-il.

'Aerial Military Exercises' Denounced

SK2508050095 *Pyongyang KCNA in English*
0434 GMT 25 Aug 95

["Aerial Military Exercises Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — The U.S. imperialist warmaniacs and the South Korean puppets staged a surprise attack exercise against the North with scores of carrier-based assault planes and electronic jamming planes from overseas in the sky above Sangdong of South Korea on August 23, according to military sources.

On the same day, flying corps of the South Korean puppet Air Force held a concentric bombing exercise in the skies above the Korean East Sea [Sea of Japan] off Samchok and above Tokjok Islet and Sangdong in the West Sea [Yellow Sea] under the command of the U.S. imperialist aggression forces' air commanding plane.

Meanwhile, fighter bombers and assault planes of the puppet air force staged in the skies above Yanggu, Tongduchon and Kapyong a striking exercise for supporting ground units of the puppet army in the attack operations against the North.

That day some 540 planes participated in the military exercises against the North.

This military provocation proves that the U.S. imperialists and the South Korean puppets are the very one who aggravates the tension on the Korean peninsula.

Declaration on Kwangju 'a Historic Betrayal'

SK2508050795 *Pyongyang KCNA in English*
0431 GMT 25 Aug 95

["Murderers Defended Again" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — The Kim Yong-sam group has of late declared military dictators innocent. These dictators had engaged themselves in human rights abuses and murderous acts against patriotic youth and students and people under the signboard "Samchong Reeducation". NODONG SINMUN in a commentary today brands the Kim Yong-sam group's declaration as a historic betrayal.

"Samchong Reeducation Corps Incident" is a murderous campaign for "ideological conversion" staged by the Chon Tu-hwan-No Tae-u group. They forcibly drafted patriotic youth and students and people who were struggling for independence, democracy and reunification to special units of the puppet army and tried to dampen their fighting spirit by fascist assaults by setting in motion the defense security command of the puppet army.

The news analyst goes on:

The Kim Yong-sam group did not charge the ringleaders of the Kwangju massacre and even made a clean sheet of the crimes of the chief culprits of the "Samchong Reeducation Corps Incident." This is a mockery of the youth and students and people of South Korea with deep-rooted rancor against the fascist murderers and an unpardonable criminal act challenging their desire for democratisation.

Defending the murderers who should have been punished and cracking down upon the patriotic people aspiring after independence, democracy and reunification at the point of the bayonet—this is what the Kim Yong-sam group are doing while talking about "breaking with the past" under the "civilian" veil.

The Kim Yong-sam group are fascist dictators who are persecuting Pak Yong-kil, above 70, who visited Pyongyang with the mind of national reunification, trying to arrest the hardcore elements of the South Korean Federation of General Student Councils who dispatched its delegates to the Grand National Reunification Festival marking the 50th anniversary of national liberation and suppressing even the workers who demand the right to existence by invoking the "National Security Law".

It is foolish and pitiful that the traitor Kim Yong-sam is defending the military dictators and trying to lay foundations for stability in the latter half of his office in league with them. The more the puppets are defending the military dictators who are the targets of hate and grudge of the people, the greater the hate and resentment of the South Korean people will be.

South Student Delegates Explore Mt Paektu

SK2508104995 *Pyongyang KCNA in English*
1014 GMT 25 Aug 95

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), explored the area of Mt. Paektu on Wednesday and Thursday.

They were accompanied by Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon.

The delegates visited Mt. Paektu, the ancestral mountain, first.

When they were on the top of the historical mountain they were very excited to see clean water in Lake Chon and sang the song "Mt. Paektu", a song loved by one million students in the south.

Then, Chong Min-chu said:

"Seeing at first hand Lake Chon on Mt. Paektu which people in the South have seen in a dream, I strongly feel that the reunification should be realized in the '90s so that the day when one million students in the South climb this mountain hand in hand will come as soon as possible."

Yi Hye-chong said, "Our country from Mt. Paektu to Mt. Halla is one." And she expressed her determination to work hard for earlier reunification of the country.

The delegates also went round campers' houses on Mt. Paektu.

After their survey of the mountain area, they wrote in the visitor's book.

Protest of South Legal Decision Noted

*SK2508104795 Pyongyang KCNA in English
1005 GMT 25 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — The "National Struggle Committee for Investigation Into Truth Behind Samchong Reeducation Corps" of South Korea released a statement on August 22 in protest against the "civilian" fascist clique's decision on dismissing a legal action against the case of "Samchong reeducation corps", according to a radio report from Seoul.

The statement criticised the decision as an act of denying history in that it wraps up the crimes of the Chon Tu-hwan fascist clique who mercilessly murdered innocent people.

Noting the argument that a legal action cannot be made against the atrocities of military fascist clique because of prescription can never work, the statement held that the "government" authorities should set about investigation into the truth behind the case.

The Chon Tu-hwan fascist murderers in the 80s took young and middle-aged people, who were displeased at the military fascist rule, to concentration camps to "brainwash" them, and suppressed and murdered them at random. But, the Kim Yong-sam group stands for

their crimes again, evoking resentment and protest of the people.

Analyst Criticizes Japanese Premier's Apology

*SK2508051595 Pyongyang KCNA in English
0450 GMT 25 Aug 95*

["Japan's Apology Lacks Honesty" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — The Japanese prime minister's written apology made public to mark the 50th anniversary of Japan's defeat in World War II is an empty one without even a word of compensation, says NODONG SINMUN in a commentary today.

If Japan wants to honestly repent of its past misdeeds and make a new start, it must frankly admit its crime-woven history, sincerely apologize and, at the same time, make a proper compensation, the analyst says, and continues:

The compensation issue is not a matter of Japan paying some money to the victims but a matter of the offender honestly apologizing to the victims and demonstrating its willingness to refrain from such crimes. Apology without this is considered only to be a trick to fool home and foreign public opinion.

As they are not willing to liquidate Japan's past crimes, the Japanese authorities have refused to frankly admit them.

Many of the Japanese Government's ministers visited "Yasukuni Shrine" on the occasion of the 50th anniversary of Japan's defeat in the war. This indicates that they are still seeking "greater East Asia coprosperity sphere" which their predecessors failed to attain.

The analyst further said:

Through the prime minister's apology, the Japanese authorities apparently intended to make the world people believe that they would totally break with the past. But it was a short-sighted idea. With such a trick, can they never win confidence of the world people. It will only lay bare Japan's crafty and brazen-faced nature.

Japan must give up the intention to gloss over its past crimes with fine-sounding "apology" and "repentance."

It will be good for Japan, too, that the Japanese authorities break with the crime-woven history and make a new start.

Daily Views Japan's Remarks on Nuclear Issue

SK2508102895 *Pyongyang KCNA in English*
1002 GMT 25 Aug 95

[**"Malicious Fault-Finding" — KCNA headline**]

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — High-level political figures of Japan are vociferating about the non-existent "suspicion of nuclear development" and "nuclear issue" of the DPRK and letting loose a string of balderdash that its nuclear program and missiles pose a big "threat" to the state security of Japan. Commenting on this, MINJU CHOSON in a commentary today brands it as a purposeful fault-finding.

The news analyst goes on:

Such utterances of the Japanese reactionaries are aimed at justifying their manoeuvrings for arms buildup and military power and realizing their wild ambition for overseas expansion on any accounts under the pretext of the DPRK's "nuclear suspicion" and "threat". Now, the "self-defence forces" are ready to carry out any war of aggression.

The Japanese reactionaries are running headlong along the road of military power and nuclear power, threatening world peace. Have they face to talk about the "nuclear issue" of someone?

Japan continues to persistently talk about the DPRK's "nuclear suspicion" at a time when the agreement on nuclear issue has been reached between the DPRK and the United States and is being implemented. Lurking behind it is a heinous attempt to hinder the solution of the nuclear issue on the Korean peninsula, justify their arms buildup and realize their wild ambition to invade the DPRK.

The Japanese reactionaries must understand that such foolish act to gain profits by taking issue with others cannot work anywhere today.

Delegates on Need for Japan To Apologize

SK2408151695 *Pyongyang KCNA in English*
1503 GMT 24 Aug 95

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — Delegates of non-governmental organizations and figures made speeches to expose and condemn the past crimes of the Japanese imperialists when the agenda item "modern-type slave" came up for discussion at a meeting of the U.N. sub-commission on prevention of discrimination and protection of minorities now under way in Geneva.

The delegate of the World Council of Churches said the Japanese Government continues to dodge the state's

responsibility and has never used the term "compensation".

The delegate of the International Commission of Jurists held that Japan must fully open to public all materials related to the issue of "comfort women for the Japanese Army" that has not been settled till now when it is 50 years since the end of the war, and make compensation. The delegate of the liberation organization urged the delegates to demand the Japanese Government present all materials related to war crimes of the Japanese imperialists to the United Nations and to take a resolute step as regards the wrong attitude of the Japanese Government.

A member of the British delegation stressed the Japanese Government must admit the state's responsibility and make an apology and compensation.

Japanese Visitors Arrive in Wonsan 24 Aug

SK2408151995 *Pyongyang KCNA in English*
1506 GMT 24 Aug 95

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — A delegation of the Japan Society for the Study of Kim Chong-il's works led by Shigeru Uege [name as received], secretary general of the Tokyo Working People's Society for the Study of Kim Chong-il's Works, arrived in Wonsan on August 24.

Also arriving in Wonsan were a delegation of adult educationers and a delegation of literary men and artists under the General Association of Korean Residents in Japan (Chongnyon), home-visiting groups of students of Korean University of Chongnyon and the 243rd short-term home-visiting group of Koreans in Japan to visit the socialist homeland.

Month of Solidarity With Cuban People Concludes

SK2508045195 *Pyongyang KCNA in English*
0418 GMT 25 Aug 95

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — A month of solidarity with the Cuban people ended. It had opened on the occasion of the 42nd anniversary of July 26 armed uprising of the Cuban people. In this regard, a photo exhibition and a film show were held here on Thursday [24 August].

They were attended by Kim Yong-su, vice-chairman of the Committee for Cultural Relations With Foreign Countries, officials concerned, Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and his embassy officials.

The participants saw photos showing achievements made by the Cuban people in the revolution and construction and appreciated a Cuban film.

Kazakhstani Party Leaders Praise Kim Chong-il*SK2508104895 Pyongyang KCNA in English
1010 GMT 25 Aug 95*

[All Kazakhstani names as received]

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — Leaders of Kazakh political parties expressed respects and reverence for the great leader Comrade Kim Chong-il.

Secretary of the socialist Party A. Antonov in a meeting with a delegation of the Workers' Party of Korea on August 14 said:

The Workers' Party of Korea is defending and developing socialism with its own efforts, unaffected by the vicious moves and encirclement of the U.S.-led imperialists and renegade socialists.

Dear Comrade Kim Chong-il who is leading the Workers' Party of Korea is not only the great leader of Korea but also the leader of the world socialist movement.

The Workers' Party of Korea with 50-year long history and experiences of struggle will continue to take the road of victory under the wise guidance of the great leader Comrade Kim Chong-il and surely achieve national reunification and the victory of socialism, the behests of respected Comrade Kim Il-song.

Chairman of the People's Unity Party Bizanov, when he met the delegation of the Workers' Party of Korea, said:

We are well aware of the great leader Comrade Kim Il-song and the *chuche* idea founded by him and of the respected leader Comrade Kim Chong-il who is carrying forward the cause of the great leader.

We actively support the policy of the Workers' Party of Korea and the DPRK Government to reunify the country in a peaceful way and we are convinced that Korea will certainly be reunified.

WPK, Italian Party Delegation Hold Talks*SK2408054095 Pyongyang KCNA in English
0519 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — A delegation of the Workers' Party of Korea [WPK] had talks with a delegation of the Communist Re-establishment Party of Italy in Pyongyang on August 23.

Present at the talks on the WPK side were Hwang Chang-yop, secretary of the WPK Central Committee, Im Sun-pil, vice-director of a department of the WPK Central Committee, and officials concerned and on the opposite side were the members of the delegation of

the Communist Re-establishment Party of Italy led by member of its leadership Mario Brunetti.

The two sides informed each other of the activities of their parties and discussed the matter of developing the friendly relations between the two parties.

The talks took place in a friendly atmosphere.

Palestinian Embassy Lays Basket Before Statue*SK2508044895 Pyongyang KCNA in English
0416 GMT 25 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — Palestinian Ambassador to Korea Shahir Muhammad and his embassy officials laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill on Thursday [24 August].

With feelings of reverence for the great leader, they laid a floral basket before his statue and made bows.

The ambassador said:

"President Kim Il-song was a great man of this century. He actively supported the struggle of the Palestinian people and greatly contributed to the development of friendly relations between the two countries.

"We will never forget him.

"Friendly relations between the two countries are now further developing with each passing day thanks to the meticulous guidance and solicitude of the great leader Comrade Kim Chong-il who is wisely leading the Korean people.

"We are convinced that the Korean people will make a new progress and prosperity firmly rallied behind him".

Yi Kwang-rok Appointed Ambassador to Uganda*SK2408152195 Pyongyang KCNA in English
1504 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — Yi Kwang-nok was appointed DPRK ambassador E.P. [extraordinary and plenipotentiary] to the Republic of Uganda, according to a decree of the Central People's Committee of the Democratic People's Republic of Korea.

Kim Chong-il Sends Thanks to Army Units*SK2508004495 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 24 Aug 95*

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army, the great leader [yongdoja] of our party and people,

sent a thank-you note to soldiers of the unit of the Korean Border Garrison to which Yi Mu-kil belongs. Yi Mu-kil saved a great many people who were placed in a dangerous situation due to a heavy flood.

Commanders and soldiers of the unit saved several thousand people by devotedly struggling — during the day and night — for several days from late-July to early-August when the islands in Sinuiju City and Uiju County were submerged as a result of the sudden increase in the water level of the Yalu River due to the unprecedented torrential rains, as well as the rising tide in the West Sea. Also, they helped them in all sincerity. Diving into the river's swift water, they showed the sacred ethos of the revolutionary army by saving approximately 1,000 domesticated animals, including draught cattle.

Also, discovering the freight ship carrying several hundreds tones of food which had been bound for Sinuiju, to be washed out to sea after it was shipwrecked, the soldiers of the unit immediately went into action and struggled to rescue it, thus saving the crew and food from the ship.

The meeting was held on the spot on 23 August to deliver a thank-you note from Comrade Kim Chong-il, the supreme commander of the Korean People's Army. Generals, officers, and soldiers attended the meeting. A thank-you note from the respected and beloved supreme commander comrade was delivered amid the enthusiastic applause of participants at the meeting. Following this, general-grade officer Kim Kyong-po, officer Yi Yong-kil, and soldier Kim Kyong-chol held discussions. A letter of pledge to Comrade Kim Chong-il, the supreme commander of the Korean People's Army, the great leader of our party and people, was adopted at the meeting.

Radio Views Relief Work for Flood Victims

*SK2508021595 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 24 Aug 95*

[FBIS Translated Text] A continuous supply of flood relief materials which reveal the warm hearts of the people across the country are arriving in flooded areas of Sinuiju.

As of 16 August, not long after the flood victims were rescued by the soldiers of the People's Army who received the order of the respected and beloved comrade supreme commander, the residents in this area had received countless numbers of relief materials following the impressive news that even the great general was taking measures for the flood victims' living conditions.

During this period, functionaries from the party Central Committee, the Central People's Committee, the Secretariat of the Administration Council, and some 40 organs, who cherish the general's lofty will for the people deeply in their hearts, provided over 180 tonnes of grains, some 650 tonnes of supplementary foodstuffs, some 297,200 kitchen utensils, some 213,800 bedding materials, some 258,500 clothes, some 50,000 pairs of shoes, and other materials in some 300 trucks and 18 freight cars.

The country keenly felt the vitality of politics, specifically the benevolent politics of the great leader Comrade Kim Chong-il, who has the lofty will of regarding the people as the heaven through the flood relief work in the Sinuiju area, and, upholding the general, people throughout our country further deepened their faith that our country, our fatherland, is the best.

We greatly appreciate the great general's support and we are greatly impressed.

An old man in Sinuiju City, who witnessed the arrival of trucks carrying relief materials into the city, said in tears: "It is the first time I have seen the whole country mobilized for a small number of flood victims. Our general even mobilized aircraft and military soldiers to provide relief to the flood victims and care for their living conditions. Our general's benevolence is, indeed, exceedingly warm."

An old man in Yocho-ri told a functionary who came with the trucks carrying relief materials: "Living conditions have improved. Please tell the general not to concern himself with the people in this area and please make efforts to uphold the general more properly."

Yim Yong-sop, a member of the Hwadan cooperative farm in Sinuiju City, said: "Experiencing a flood disaster for the first time, my wife who just gave birth, our child, and I were on the brink of death. An aircraft carrying medical functionaries arrived and rescued us. Furthermore, functionaries from the party Central Committee arrived with many relief materials. I do not know how to repay their help."

Thus, he vowed to trust and follow only the general and to be loyal to him forever.

Cho In-nam, a member of (Soho) cooperative farm in Uiju County said: "If we were in South Korea, residents of this island would already have died, and even if we were to survive, we could have become beggars. This allows me to deeply realize the great vitality of the general's benevolent politics. In the future, not only myself, but also my children, will live as loyalists who are infinitely loyal to the general."

Kim Chong-il Measures To Rescue Flood Victims

*SK2508095895 Pyongyang Korean Central
Broadcasting Network in Korean
0800 GMT 25 Aug 95*

[FBIS Translated Text] Heartwarming voices have been raised among the residents in flood-stricken areas in North Hwanghae Province, hailing that the respected General Kim Chong-il, who is brilliantly embodying the fatherly leader's lofty idea of assuming the people as the heaven, is the great protector of all destinies of our people.

Upon hearing a report that some areas in North Hwanghae Province were greatly flooded, the respected general immediately mobilized the People's Army soldiers and sent aircraft of love and amphibious vehicles to the area, and thus rescued several thousands of people who were facing death.

Those who were rescued by the care and great love of the respected general, who treasures and cares for all our people, and the people who witnessed this scene, were deeply impressed and moved to tears and loudly shouted, "Long live the respected General Kim Chong-il!" again and again.

A functionary in the management committee at a cooperative farm in Unpa County said that at the moment when the people were quite at a loss due to the sudden flood, our general sent the People's Army soldiers, airplanes, and even amphibious vehicles, and rescued all the people who were in danger, thus taking heartwarming measures. The functionary added that the rescued people are reborn thanks to the fatherly general's benevolent love.

A worker in the Kangan cooperative farm stated that although lives of the farm workers were endangered due to great flood, which came all of a sudden and to rapidly increasing waters, the people had a thought and cherished a firm confidence that they would be rescued by all means because there is the respected general.

The hearts of the residents in flooded areas are filled with revolutionary passion to convey the great benevolence of the respected General Kim Chong-il — our people's benevolent father who protects and cares for our destinies and future — generation after generation, and to more excellently uphold and render loyalty to the general.

Kim Chong-il Sends Thanks to Different Officials

*SK2508044395 Pyongyang KCNA in English
0410 GMT 25 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — The great leader Comrade Kim Chong-il

sent thanks to the Third Department of the State Planning Commission, the Hwangju County Medicines Management Office in North Hwanghae Province, Secretary of the North Hwanghae Provincial Party Committee Choe Yong-kun, actress of the Radio Drama Group of the Radio and TV Broadcasting Committee of the Democratic People's Republic of Korea Yi Yong-ok and other units, officials and working people who gave full play to the traditional beautiful trait of Army-people unity.

Comrade Kim Chong-il also sent thanks to the servicemen of the Yi Mu-gil Unit of the Korean Border Army who saved people and their properties from a big flood.

Kim Chong-il Sends Birthday Table to Teacher

*SK2508044495 Pyongyang KCNA in English
0413 GMT 25 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — The great leader Comrade Kim Chong-il sent a seventieth birthday table to Chin Tae-pom, lecturer of a revolutionary site of the Pyongyang Textile Machine Factory.

The birthday table was handed to him on August 23.

He was born in a poor family in Ansong County, Kyonggi Province, under the colonial rule of Japanese imperialism, joined the Volunteers Corps when his native village was liberated by the People's Army and participated in battles during the Fatherland Liberation War (1950-1953) and brought about innovations in the struggle for socialist construction after the war.

He contributed to bringing the leadership exploits of Comrade Kim Chong-il associated with the factory home to the working people as a lecturer for more than 10 years.

Military Exercise as 'War Rehearsal' Denounced

*SK2508051195 Pyongyang Radio Pyongyang
in Korean to South Korea 0900 GMT 24 Aug 95*

[Dialogue between station reporters Ko Chong-ho and Kim Hye-kyong during the "Hour for the South Korean Armed Forces" program; place and date not given: "A Dangerous Fire Game Running Counter to Peaceful Reunification"]

[FBIS Translated Text] [Kim Hye-kyong] As you know, the South Korean puppets, despite the entire nation's consistent protest and denunciation, are conducting the provocative Ulchi Focus Lens-95 war rehearsal against our Republic with the U.S. imperialists.

The puppets describe the war rehearsal as a U.S.-South Korean combined command exercise to assimilate

the operational system and procedures necessary to carry out war missions in the event of a so-called contingency. I think this is a deceptive trick aimed at hiding their aggressive nature.

[Ko Chong-ho] That is right. As is clear to everyone, the war rehearsal is a substitute for the Team Spirit joint military exercise, a test nuclear war exercise aimed at northward invasion, and an intolerable challenge throwing a wet blanket over the entire nation's desire for peaceful reunification.

This reveals that the criminal maneuvers of the U.S. imperialists and the South Korean puppets for northward invasion are being accelerated all the more persistently.

[Kim] That is right. They are extreme war rehearsal maniacs. As the entire world knows, the Ulchi Focus Lens-95 joint military exercise is not a defensive exercise, but a very dangerous fire game for northward invasion aimed at attacking our Republic.

Our people cannot help but be indignant over the South Korean puppet clique running counter to the nation's aspiration for peaceful reunification by frenziedly engaging in the adventurous war rehearsal aimed at harming the fellow countrymen with the U.S. imperialists.

[Ko] That is right. All the Korean people are elated by the confirmation of the joint way for reunification for the nation at the grand national meeting of the political parties and organizations of the North, the South, and overseas held in Panmunjom on the 50th anniversary of the country's liberation, and the mood for the country's reunification has been heightened all over the country.

With that, our nation has come to have a joint way of reunification for the nation, and the reunification movement of the North, the South, and overseas has now entered a firm track of reunification in the nineties by means of a confederal system. However, the South Korean puppets are conducting a war rehearsal against the fellow countrymen with the U.S. imperialists. This is not only an act of challenge throwing a wet blanket over the yearning of the compatriots of the North, the South, and overseas for reunification, but an intolerable act of crime.

[Kim] That is right. The Kim Yong-sam ring has recently signed the so-called munitions agreement with the U.S. Forces Command, South Korea, maneuvering to bring an enormous volume of U.S. war equipment stockpiled in South Korea into the puppet Army, such as the U.S. combat equipment 75 M-48 and A-5 tanks, 13 large-size cannons, and some 40,000 tonnes of ammunition. This is a good indication of how the Kim Yong-sam ring is frantically attempting to drive the

fellow countrymen into a calamity of war as a U.S. imperialists' war servant.

[Ko] If the Kim Yong-sam ring has even a fraction of concern for peace in the country and the well-being of the nation, they will not dare to perpetrate with the foreign forces a fire game aimed at harming fellow countrymen.

It has been thoroughly proven that the Kim Yong-sam ring is the worst antireunification divisionist and war maniac in the world opposing peace and peaceful reunification and dashing toward confrontation and war.

The babbling about dialogue and reunification by the Kim Yong-sam ring—which is engrossed in its personal pleasure and greed for power without any care for the fate of the country and the nation and blocks the way to peace and peaceful reunification with the provocative war rehearsal for northward invasion, is frantically engaged in bringing the fiery cloud of war to the fellow countrymen—is a cheap deceptive trick aimed at misleading opinion at home and abroad.

[Kim] Why then is the Kim Yong-sam puppet clique conducting daily war rehearsals and straining the situation in the country? An object of the people's hatred as a result of the continual accidents of various types, and faced with internal conflict, the Kim Yong-sam regime is a fascist regime that is shaking at its root. With the confirmation of the way of reunification in the nineties at the grand reunification festival on the 50th anniversary of the country's liberation, the people's mood for peaceful reunification has been heightened even further.

Therefore, the Kim Yong-sam ring is attempting to repress the South Korean people's antigovernment mood with the sound of guns and to break up the atmosphere for peaceful reunification.

[Ko] That is true. If the Kim Yong-sam ring attempts to gain something from the reckless fire game, however, it will be a ridiculous and foolish act. We do not want war, but never fear war. Our nation and our fellow countrymen cannot live without peace and reunification.

[Kim] Our nation has a firm resolve to reunify the country in the nineties with the united strength of the nation. The Kim Yong-sam ring should face reality squarely, and immediately stop the reckless war rehearsal for a northward invasion.

The officers and men of the South Korean Armed Forces are following the criminal road of harming fellow countrymen this year as well, and are being dragged into the war rehearsals following the orders of the Kim Yong-sam puppet clique. If the officers and men of the South Korean Armed Forces are driven into the war

rehearsals for northward invasion, they will not only commit a crime before the country and the nation but will follow the road of worthless death betraying their parents, brothers, and sisters.

The officers and men of the South Korean Armed Forces should squarely face reality, and instead of being driven blindly into the war rehearsals, they should resolutely crush the Kim Yong-sam ring's criminal war maneuvers on the side of the people struggling for independence, democracy, and reunification.

Bureau Achieves Success in Cargo Handling

*SK2508060495 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 24 Aug 95*

[FBIS Translated Text] Functionaries and workers at the Nungrado General Bureau, who have risen up with the sheer desire to meaningfully mark the 50th party founding anniversary, have made efforts to achieve successful results in supporting production bases of export items.

Guaranteeing the operation of trade cargo ships at full capacity with a high loading factor, more ships were able to set sail than scheduled and 85 percent of their annual plans were accomplished as of early August.

While determined to welcome any support from superior offices, they will do things on their own strength if support from superior offices is not available. Comrade Kim Chae-yong, head of the Nungrado Lake Management Office, and Comrade Kim Kwang-yang, chief of the political section of the Nungrado Lake Management Office are repairing and managing ships on their own in close connection with the Shipping Bureau, thus increasing the operation rate of ships.

The shipping vessels Yanggakto-ho and Puhung-ho are also boldly preparing various parts, such as jet propellers and various bearings, based on their own strength and technology, thus rendering great services to the state.

Chuche-Oriented Art, Literature Symposium Held

*SK2508050895 Pyongyang KCNA in English
0424 GMT 25 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 25 (KCNA) — A chuche-oriented art and literature idea symposium on the epic "Comrade Kim Il-song, Our Eternal Leader" which was created as a monumental masterpiece of the times under the leadership of the Workers' Party of Korea [WPK] was held in Pyongyang on Wednesday [23 August].

Taking part in the symposium were Kim Pyong-hun, chairman of the Korean Writers Union Central Committee, officials concerned and writers in the city.

The speakers at the symposium said the epic "Comrade Kim Il-song, Our Eternal Leader" that dynamically applauds the immortal exploits performed by Comrade Kim Il-song for the party, the state and the revolution and the greatness of the WPK is an outstanding monumental masterpiece of our times that has pioneered a new phase in portraying the leader.

They noted the epic was created as a monumental masterpiece of the times thanks to the extraordinary wisdom and distinguished guidance, warm love and solicitude of the great leader Comrade Kim Chong-il.

They recalled that Comrade Kim Chong-il read the epic and heard it on recorder time and again and highly praised it as a worldwide masterpiece, saying that the epic says all he wanted to say, it stands at a high level and has philosophical content and it is a work singing well of the greatness and exploits of the party and the leader.

They pointed out that the epic, different to former portrayal method, makes generalization of the greatness of the fatherly leader in a broad and in-depth manner and sings the noble virtues of Comrade Kim Chong-il vividly and impressively, so as to adopt a new method applauding the two great leaders at a time. The epic, proceeding from the thematic and ideological kernel of the work, employs a most appropriate and effective portrayal method in deeply reflecting the ardent desire of the Korean people to uphold with loyalty the fatherly leader for all ages as the eternal sun of chuche and in deeply mirroring the great and noble, ideological and mental world of the successor, and keeps a highest portrayal level on the basis of courageous poetic vision, they said.

The speakers stressed that all writers, mindful of the WPK's intention, should create more monumental masterpieces which the party and the revolution demand and the times and the people wish, on the basis of a deeper study and acquirement of the ideological and artistic success achieved by the epic.

Railway Worker Volunteers To Move to Rural Area

SK2508023295 Pyongyang Korean Central Television Network in Korean 1100 GMT 21 Aug 95

[FBIS Translated Text] At a time when the beautiful virtue of volunteering to advance into difficult and arduous sectors is continuously being displayed throughout the country, Cho Tae-kyong, a worker at the Railway

Ministry, and his family recently volunteered to move to a socialist rural area.

They said: When we think of the elbow grease of the fatherly leader, who unremittingly cared for the country's farming to the end of his life, saying "Farming is the most cardinal basis," we feel guilty for not fulfilling our duties as citizens.

They were then resolved to make all possible efforts so that the great General Kim Chong-il may not have to worry about farming.

Following his second son, who moved to Kuhyon-ri in Unjon County, North Pyongan Province, on 18 June, Cho Tae-kyong and his family moved to Ogya-ri in Unjon County today.

Employees of the work site where Cho had worked warmly saw off Cho's family, who were filled with an ardent determination to repay the great trust and love of the great general, who personally read a letter they sent to him, with an increase in grain production.

Middle School Graduates Move to Rural Area

SK2508025695 *Pyongyang Korean Central Broadcasting Network in Korean*
2200 GMT 23 Aug 95

[FBIS Translated Text] All of the 100 students who graduated from Kumsong Senior Middle School in Onchon County have advanced into socialist rural areas. This is another proud and beautiful deed displayed by our younger generation that is boundlessly loyal to the cause of the party and the leader.

The students, who graduated from the senior middle school this year, made a firm resolution to fully realize the grand idea of our party while watching agricultural workers seed the newly-built Kumsong tidal land, and actively helped them.

Chang Min-chu, a responsible instructor at the school's League of Socialist Working Youth of Korea [LSWYK] and Children's Union, as well as the 100 graduates, humbly sent a letter to the respected and beloved General Kim Chong-il, expressing their resolution.

After reading their humble letter, the great leader [yongdoja] Comrade Kim Chong-il sent them a benevolent personal letter.

On 21 August, the graduates held a rally at Kumsong Senior Middle School in Onchon County to express their resolution of loyalty. Functionaries of the sectors concerned, the teaching staff and students of this school, and the students' parents participated in the meeting. Yi Yong-ae, a graduate; Choe Tae-ung, manager of the

state-run Kumsong Farm; and Kang Kil-hwa, a parent of a student, made speeches.

At the meeting, a resolution was adopted and an LSWYK banner was conferred on those who were advancing to rural areas.

Kaepung Farm Attempts To Achieve Bumper Harvest

SK2508043495 *Pyongyang Korean Central Broadcasting Network in Korean*
2100 GMT 23 Aug 95

[FBIS Translated Text] With the great intention of achieving a bumper crop this year, which marks the 50th anniversary of the party's founding, agricultural workers at the Samchon Cooperative Farm in Kaepung County are directing major efforts to cultivate crops.

The agricultural workers of this farm have effectively carried out water management in the rice-fields according to the demand of the chuche farming method so as to meet current weather conditions. Thereby, they achieved success in reaping rich ears from the stubble of rice plants.

In particular, the Nos. 2, 7, and 8 work units have tenaciously manured and cultivated the crops in a proper manner, thus paving the way for a gratifying crop situation.

Efforts To Make Plant Self-Sufficient Noted

SK2408101195 *Pyongyang Korean Central Television Network in Korean* 1100 GMT 23 Aug 95

[FBIS Translated Text] The plant where Comrade Han Tae-uk works has been widely known as a plant where tidiness in production and tidiness in life have been thoroughly established and were the rear-area supply base has been firmly built.

This plant has been able to achieve such a success because its members have the revolutionary spirit of self-reliance of carrying out everything with their own strength without resorting to the state.

[Begin unidentified worker recording] What we did first was the struggle to eliminate hazardous gas and dust in the plant. When giving an on-the-spot guidance to our plant, the fatherly leader [suryongnim] strongly taught that workers in the plant should be prevented from suffering from hazardous gas and dust created by the plant's production process. So, cherishing in our hearts the firm faith that only when one has the revolutionary spirit of self-reliance and fortitude can one accomplish anything, we built a new synthetic [word indistinct] process and introduced liquid [word

indistinct]. In this way we have been able to completely eliminate hazardous gas and dust.

Along with this, we have built 6,000 square meter-waste water disposal facilities to purify all waste water in the plant. Thanks to this, all workers have been able to work in clean and fresh air, and even fish can be raised in the purified water.

As the comrade reporter sees, thanks to our struggle to establish tidiness in life we have build the inside of the plant like a palace and the outside of the plant like a park. We have also built a movie hall, a workers' dinning room, a barber shop, a beauty shop, and a clinic.

As both the inside and outside of the plant have been properly built, the level of the workers' cultural and moral life has been promoted, and their zeal for production has also been enhanced. Our plant has firmly built a rear-area supply base with its own strength.

The corn field which we can see now was a bog and a reeds field in the past. The working class of our plant has built the bog and reeds field into a fertile field by building banks and waterways and spreading out compost and humus on the field. Thus, the plant's working class has made this field fertile. In this way, our plant can expect to supply meat and several hundred kilograms of vegetable to each worker this year.

Indeed, having done all of this, we have come to feel once again how good self-reliance is and how important it is to have a resolution to live with our own strength.

In the future, too, we will more properly carry out the work of managing our plant by displaying higher the revolutionary spirit of self-reliance. [end recording]

Power Complex Increases Electricity Production

*SK2508022395 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 24 Aug 95*

[FBIS Translated Text] The Taedonggang Hydroelectric Power Complex is per day producing approximately 160,000 kwh [kilowatt hours] of electricity more than its daily target by operating all generators at full capacity.

Electricity producers at the power complex are guaranteeing the operation of all generators at a high water level, taking advantage of the favorable conditions of abundant water, so that their daily electricity production is 200,000 kwh more than in July when they maintained a high and steady rate of production.

In particular, the operators of generators Nos. 1 and 3 elevated the load factor of the generators to the utmost while maintaining a perfect technological management

of their machines. As a result, they keep overfulfilling daily electricity production plans.

Rare Animal Found in North Hwanghae Province

*SK2408151595 Pyongyang KCNA in English
1500 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, ugust 24 (KCNA) — Golden terrapin lives in the Yesong River which flows into the West Sea. The river is in the middle of Korea. It is a rare animal in the world. It is tasty and high nutritive. The blood is used for tonics and the flesh is very efficient in the treatment of hepatitis, hypertension and paralysis and good for weak children in particular.

The golden terrapin looks like turtle and is about 30 cm in length and 700 grams in weight. The body is flat, covered with an oval shell, yellowish brown. The terrapin feeds on fries of freshwater fish, shrimps, earthworms and pond-snails.

It digs holes on the riverside sand and lays dozens of round and white eggs, two cm in diametre, at one time between early June and the middle of August. The eggs are hatched in two months. The young grow up in 6-7 years.

There are many golden terrapins at the point where the Yesong River and the Singye stream of Singye County, North Hwanghae Province, meet each other. It is in the mid-western part of the country.

The 20 km long section of this area is designated as a pecial reserve of golden terrapins.

The scenic spots and cultural relics management office in North Hwanghae Province is directing big efforts to the work to protect and propagate golden terrapins, natural monument.

South Korea

U.S. Considers Car Import Barriers Challenge

*SK2508051995 Seoul THE KOREA TIMES in English
25 Aug 95 p 8*

[By staff reporter Sim Chae-yun]

[FBIS Transcribed Text] The Clinton administration is considering making a case of Korean barriers to its imports of cars under Super 301 unless Korea promises to take significant new steps to open its markets before the end of September.

"This would open the door to retaliatory trade sanctions against Korea by the United States," INSIDE U.S. TRADE, a weekly magazine, reported in its Aug. 18 edition.

The administration is also preparing to challenge Korea in the World Trade Organization (WTO), arguing that its tax system and its advertising restrictions violate international trade rules, the magazine said quoting U.S. officials.

"It has also been preparing arguments for a possible challenge to Korean barriers in the WTO," it said.

Four industry groups this month called on the U.S. Trade Representative [USTR] to name Korean barriers under the Super 301 law. Of those four submissions, the request from the Big Three U.S. automakers is the most likely to be accepted, the magazine reported.

"We are very prepared in the event we decide to go to the WTO," one official was quoted as having said, adding that the administration has been contemplating a WTO challenge for several months, but has yet to make a decision.

"It would be very foolish for Korea to do nothing to open its auto market before the Sept. 30 deadline for the USTR's invocation of the Super 301 law," the official was quoted as having said.

Korea would have a hard time demonstrating to a WTO panel that its tax structure is non-discriminatory, given that Korean manufacturers for the most part make cars with engine capacities under two liters, while U.S. engine capacities are mostly above two liters, they said.

The U.S. would also like Korea to lower its eight percent tariff on cars to the U.S. level of 2.5 percent. Failing that, Korea could at least lower the 80 percent rate at which its auto tariff is bound under the WTO, as this is higher even than that of China, the officials said.

They indicated that the U.S. would likely to argue in the WTO challenge that Korea's restrictions on advertising violate the General Agreement on Trade in Service.

They took issue with the fact that Korea allows companies to control specific television advertising slots permanently, preventing newcomers to the market from buying prime time slots.

A new submission delivered to USTR Aug. 15 brought the number of complaints against Korea to four, out of a total of only seven filed in response to USTR requests for suggestions about what foreign trade barriers should be targeted under Super 301.

In the submission, the Health Industry Manufacturers Association [HIMA] complained that new Korean standards and testing procedures could hurt U.S. exports of medical equipment.

But HIMA did not ask USTR to name Korea as a priority country under Super 301. USTR should

continue to press, through its ongoing dialogue with South Korean officials, for meaningful and substantial reforms of South Korean medical device regulations, according to the submissions.

Former Army Chief of Staff Yi Chin-sam Returns

SK2508035795 Seoul YONHAP in English
0126 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — Former Army Chief of Staff Yi Chin-sam returned Thursday [24 August] evening from the United States where he has lived in self-imposed exile for 16 months to evade public suspicion that he had accepted bribes.

Yi left for America in April last year after he was suspected of having accepted bribes in connection with the so-called "Sangmudae" scandal — a military facility relocation project during former President No Tae-u's administration.

Yi, 58, was sentenced to an imprisonment of eight months in August 1993 on charges of terrorism against opposition politicians when he served as army intelligence commander under former President Chon Tu-hwan.

He was later released after the court granted a two-year stay of execution.

His civil rights were restored in a special amnesty announced on the 50th anniversary of the country's liberation from Japanese colonial rule.

North Demands KEDO Pay for Russian Reports

SK2508030595 Seoul YONHAP in English
0257 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — North Korea demanded that the Korean Peninsula Energy Development Organization (KEDO) pay a substantial fee for the entire text of Russian reports made on the North's Sinpo nuclear reactor construction site before KEDO be allowed to review the information, a source close to the North Korean nuclear reactor project said Friday.

North Korea reportedly demanded that otherwise KEDO will have to conduct surveys of the construction site at Sinpo, South Hamgyong Province, from scratch without the aid of reports the Russians made in the late 1980s when they planned to build two light-water reactors there, the source said.

North Koreans cited a nuclear agreement with Russia signed in December 1985, as the reason they have to charge KEDO for the reports, he said.

They even offered to sell the full text of the Russian reports to the KEDO site survey team which visited Sinpo for a week last August, according to the source.

The North Koreans did give the KEDO team an English-language summary of the full text, he said, adding that the two sides agreed to hold further negotiations on the issue.

The source also said that the KEDO team thinks the Sinpo site may be suitable for the construction of two light-water reactors that will be undertaken by KEDO under the Geneva nuclear agreement reached last October between Pyongyang and Washington as the latter was attempting to thwart the North's alleged nuclear weapons development program.

Premier Says Fears Impeding Reunification

*SK2508024995 Seoul YONHAP in English
0226 GMT 25 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — South Korean Prime Minister Yi Hong-ku said Friday that inter-Korean relations are failing to progress smoothly because South Korea is afraid of a possible war while the North fears the prospect of unification.

Yi, delivering a speech to a breakfast meeting hosted by "the group concerned about the nation's welfare," said, "after all, the core of our unification policy is to make full preparations now so we don't miss the opportunity when it suddenly comes in the future."

He admitted that the procedure South Korea used when it provided rice aid to the North was not very appropriate. "We learned a very expensive lesson after the unexpected incidents which happened while providing the rice aid (to the North). We should have discussed the details more and made a strict agreement."

While commenting on the government's reform policy, the prime minister said that the administration plans to push for rational reforms which the people can participate in rather than policies which merely follow some doctrine.

Carmakers Invited To Set Up Factories in Brazil

*SK2508022195 Seoul THE KOREA HERALD
in English 25 Aug 95 p 8*

[FBIS Transcribed Text] Brazil aspires to emerge as South America's automobile manufacturing center and invites Korean automakers to set up offshore plants there, a visiting Brazilian minister said yesterday.

Cicero Lucena Filho, minister of regional policies, said in an interview with THE KOREA HERALD that the world's leading automakers, including Korea's Hyundai

Motor Co. and France's Renault, have already begun making inroads into his country.

"The Government of Brazil is ready to protect the full interests and rights of foreign investments, in line with its modernization and globalization policy," he emphasized.

Hyundai had announced earlier this month that it would build an assembly plant with a monthly output of 30,000 commercial and passenger cars in Brazil beginning in 1997. In the same year, Kia Motors Corp. is also scheduled to inaugurate the production of its Pride models in Brazil.

The minister is in Seoul at the invitation of Samsung Electronics Co., which will open a \$60-million home appliance plant in Brazil this coming November.

Other than strengthening existing economic ties, the minister said the purpose of his visit was also to diversify and expand the areas of cooperation between Korea and Brazil.

The minister also invited smaller manufacturing companies, particularly those producing textiles, toys and shoes to look to Brazil because of the country's favorable tax policy. Investment firms are exempted from sales tax and also import duties on raw materials, he said.

The minister returns to Brazil today, wrapping up a five-day visit.

Defense Minister Plans To Visit Israel, Hawaii

*SK2508022695 Seoul THE KOREA HERALD
in English 25 Aug 95 p 3*

[FBIS Transcribed Text] Defense Minister Yi Yang-ho will embark on a visit to Israel and Hawaii starting today.

During his five-day visit to Tel Aviv, Minister Yi will meet Israeli government leaders for talks on ways to strengthen military exchanges and cooperation in defense technology and intelligence between South Korea and Israel, a ministry spokesman said yesterday.

Yi and Israeli officials are expected to sign a couple of agreements on military cooperation and exchanges, said the spokesman.

Upon returning to Seoul, Yi will then fly to Honolulu next Thursday [31 August] to participate in ceremonies marking the 50th anniversary of VJ (Victory over Japan) Day slated for Sept. 1-3.

During his visit to Honolulu, Yi is scheduled to have separate meetings with U.S. Defense Secretary William

Perry and Eto Seishiro, director-general of the Japanese Defense Agency, for talks on military and security issues of mutual concern, said the spokesman.

Yi is also to have talks with defense ministers from other countries who will attend the VJ-Day ceremony.

U.S. President Bill Clinton and defense ministers or vice defense ministers from 21 countries are expected to attend the events, which include a sea parade by naval vessels from six countries, memorial ceremonies for those killed in the war and a street parade by veterans.

Yi returns to Seoul Sept. 5.

Kim Yong-sam's Wife Plans To Attend UN Meeting

SK2308123195 Seoul YONHAP in English
1152 GMT 23 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 23 (YONHAP) — Mrs. Son Myong-sun, the first lady, will visit Beijing on Sept. 3 to attend the 4th world women's conference at the special invitation of the Chinese Government, Chongwadae spokesman Yun Yo-chun said Wednesday.

Yun said that Mrs. Son will deliver a keynote speech at the conference in her capacity as honorary chief delegate of the South Korean delegation.

The conference takes place on Sept. 4 through Sept. 15 under the sponsorship of the United Nations.

Also during her stay in Beijing through Sept. 8, the first lady will deliver a speech at a UNESCO-hosted ceremony marking the world illiteracy elimination day.

At the ceremony, Mrs. Son will present the "King Sejong award" to its 1995 winner. The award was created by the UNESCO in 1990 with a financial support from the Korean Government with a view to accelerating the world crusade against illiteracy.

Prior to her visit to Beijing, Mrs. Son will drop into Qingdao to meet with the families of Korean workers there, the spokesman said.

Eight Railway Cars Overturn Due to Heavy Rains

SK2408225095 Seoul KBS-1 Radio Network
in Korean 2200 GMT 24 Aug 95

[FBIS Translated Text] Around 0540 [2040 GMT] this morning, a railway near Chongpyong Station in Koesan County, North Chungchong Province, collapsed due to the torrential rains, and as a result, eight cars of the Mugunghwaho train traveling over the railway overturned. We have the news from reporter Hwang Sang-kil in Chongju.

[Begin Hwang recording] Around 0540 this morning, as a result of the collapse of the Kultari railway at

Hwasong-ri, Puan-myon, Koesan County, North Chungchong Province due to the torrential rains, the No. 308 Mugunghwan train traveling toward Chongpyong Station from Puan Station overturned. Scores of passengers are missing. The rescue team has arrived on the spot to save passengers. Today's incident took place as a result of the collapse of a bridge caused by heavy rains during the night. The train fell as it moved along the Chungbuk railway because of the submersion of the central railway. [end recording]

Most Major Railroads Paralyzed by Heavy Rains

SK2508055695 Seoul YONHAP in English
0547 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — Train service on almost all key railway lines has been completely suspended due to the torrential rainfall that central regions of the Korean peninsula have been experiencing over the past couple of days.

It is the first time in the country that heavy rainfall has brought train service on major lines to a halt.

In particular, all train operations which depart Seoul Station have been canceled as the National Railroad Administration (NRA) announced its suspension of all train service on the Seoul-Pusan line at 11:30 A.M. [0230 GMT], Friday.

Other rain-affected lines include the Chung-ang, Yongdong, Changhang, Chungbuk and Taeback lines as of Friday.

Meanwhile, the NRA said it decided to suspend all extraordinary (E.G. weekend, special and holiday) train service from Friday until Monday because of the torrential rains and the anticipated arrival of Typhoon Janis.

In addition, all passengers who purchased tickets for extraordinary service will receive refunds, the NRA noted.

YONHAP Assesses 'Torrential Rain' Damage

SK2508022995 Seoul YONHAP in English
0216 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — The torrential rains that have been falling in Seoul, Chungchong and Kangwon Provinces since Wednesday have claimed the lives of at least 16 people, with three others reported missing and 121 others homeless as of 10 AM Friday [0100 GMT 25 August], according to official figures released by the central anti-disaster authorities.

Property damage caused by the floods have tentatively been estimated at 12.3 billion won and officials fear that figure will drastically increase as additional reports continue to come in. Included in the damage are 590 inundated buildings and 6,000 hectares of submerged farmland.

Many sections of railroad lines, roads and bridges have been washed away or submerged and railroad traffic has slowed or stopped on the Chungbuk, Chuangang and Yongdong lines.

Meanwhile, a passenger was killed and at least 100 others injured when eight of the 10 passenger cars of the Mugunghwa-ho train derailed as a result of a sinking bridge on the Chungbuk railroad line early Friday morning.

Traffic is being controlled on more than 20 main routes in the capital and elsewhere, including the Chamsu Bridge on the Han River and the Olympic Highway in Seoul.

Six people were killed and four others injured when a landslide buried two houses in Kongju city, South Chungchong Province at around 2 AM Friday [1700 GMT 24 August].

Four members of a family in Inje county, Kangwon Province, missing or drowned as their house was washed away by flood waters at about 3:29 AM Thursday [1829 GMT 23 August].

Kim Yong-sam To Review 5-Year Term at Luncheon

*SK2508103795 Seoul CHOSON ILBO in Korean
25 Aug 95 p 3*

[Report by Kim Chang-ki]

[FBIS Translated Text] President Kim Yong-sam will have a luncheon meeting with the Chongwadae [presidential offices] press corps on 25 August to review the first half of his five-year term and kick off the remaining half of his two years and six months.

To mark the turning point, the presidential secretariat had planned the following options for President Kim: (1) issue a statement to the ROK people; (2) hold a news conference or a news briefing in concurrence with the release of the statement; and (3) hold a high-level party conference with the post holders of the Democratic Liberal Party [DLP] (following the party reshuffle), cabinet members, and senior presidential secretaries to discuss the future policy on the state administration.

Up until last week, No. 2 plan was most likely, but No. 3 plan emerged as the most possible plan earlier this week; the tendency was developed toward No. 1 plan on 23

August and the final decision was reached on a news briefing.

This shows that Chongwadae has taken great pains over how to "meaningfully" mark the midpoint of the president's term.

The reason for the cancellation of the statement is twofold: Following President Kim's 15 August speech, which did not present a proposal to North Korea as it had planned, the state administration has placed more emphasis on "reconciliation politics"; and because President Kim already gave a speech at the DLP National Congress, there is nothing particular to be mentioned in the statement. An expanded party conference was also deemed inappropriate as the reshuffle of the cabinet and presidential secretariat has not been finalized.

At the beginning, Chongwadae officials had not placed any significance on the "midpoint of the presidential term." The first, second, and third anniversary of the inauguration may be memorable, but the midpoint (two years and six month) was never celebrated by former ROK presidents, and unprecedented in foreign history.

It was not until after the local elections that the midpoint of the term emerged as "a meaningful turning point." Pressed by the urgent task to elude the shock from the defeat in the local elections and to regain posture before the general election scheduled for April next year, the government and the ruling party tried to make the 50th anniversary of liberation and the midpoint of the term as a turning point.

After two months following the local elections, Chongwadae is now much more stabilized. President Kim declared "reconciliation politics," announced a large-scale amnesty and reinstatement of rights, and had meetings with senior politicians and business leaders. The DLP also reshuffled its party posts. On 16 August, President Kim had dinner with all secretariat members (grades 1 to 3). On 25 August, he is scheduled to have dinner with more than 180 administration officers (grades 4 and 5).

Opposition Assesses Term

*SK2508083495 Seoul YONHAP in English
0805 GMT 25 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — The embryonic major opposition party, the National Conference for New Politics (NCNP), Friday expressed its willingness to advise and help the Kim Yong-sam administration if it continues to push ahead with its reform drive and does a good job running the government for the people of the country.

Issuing a statement Friday to mark the start of the latter half of President Kim's five-year term, NCNP spokesman Pak Chie-won said, "We believe that real harmony comes from politics shared with the people and the opposition parties."

Pak warned that President Kim should not seek politics of grand harmony by just trying to soothe the public's sentiments which are growing distant from the government.

The spokesman also suggested that President Kim refrain from maintaining an inconsistent policy toward North Korea and stop making impromptu decisions on a variety of other issues.

"No one would say that the first half of the Kim administration was a success because the period was tainted with a loss of balance when implementing reforms and political reprisals," he insisted.

Another opposition Democratic Party [DP] also issued a statement urging the Kim government to return to the mindset it had when it first launched the reform and change drive.

"The people are eager to see the trees of reform, planted (by the Kim administration) here and there, growing again," said the statement.

Dismissing the first half of the Kim government as a failure, the DP said, "The roots of reform were rotten and finally lost because the government failed to properly manage them (providing water, soil and fertilizer), although the government planted trees of reform in various places."

"Grand harmony with the people should precede dialogue with the nation's elders," said the DP.

The United Liberal Democrats (ULD) also issued a statement, saying that "The operation of the country during the past two and a half years did not bear much fruit considering its will (to achieve change)."

"The government was moving so fast during the early stages that it cannot breathe properly now," the ULD said. "The government will have to run the country using common sense and logic and put finishing touches on current projects rather than starting new ones out of eagerness to realize fame."

President Stresses Need for Generational Shift

SK2508083295 Seoul YONHAP in English
0648 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — President Kim Yong-sam on Friday hinted at an unswerving determination to realize a generational shift in politics at the end of his tenure in office, saying that

he, as president, is "not in a position to compete with anyone."

Meeting journalists at the threshold of the latter half of his term in office, the president said, "My duty is to build an outstanding Republic of Korea and, as president, to deliver it to the next generation.

He said, "As I think all competition (as a politician) is finished for me, I will do my best, as if I were starting a new administration, during my remaining two and half years (as president). I have no reason to compete with anyone anymore."

His remarks about "competition" seem to refer to "new three Kims era," which appeared after June 27 local elections.

Former opposition leaders Kim Tae-chung and Kim Chong-pil secured political power again after their camps won more posts in local self-governing bodies than many expected. The two Kim's had competed against President Kim in the 1992 presidential elections.

He said, "I will continue to pursue my policies for a great reconciliation of the people just as I have sought and will seek further change and reform in what remains of my presidential term.

"I am not sure how history will judge me in the future, but I have felt as president I cannot claim credit (for the country's success). Although I am not virtuous, I will do my best for the country with ardor and sincerity during the latter half of my (presidential) term."

Kim was elected in the December presidential election in 1992 and started his term on Feb. 25, 1993. His term expires on Feb. 25, 1998.

"I will stop being president in two and half years, once and for all. Then I will quietly return to being an ordinary citizen," he added.

President Kim ranked South Korea's negotiations with North Korea and the United States as the most difficult task he ever faced as president.

"There were a number of times the situation grew strained. But I always faced the negotiations from the perspective that protecting the lives of people and their property are the most important things," he said.

Emphasizing that he is well aware of the domestic situation in North Korea, Kim disclosed that the North's food and economic situation is going through a very difficult time right now.

"North Korea's damage from heavy rain is enormous. It's more than we guessed," he added.

Steps To Complement Real-Name System Viewed

SK2508090095 Seoul YONHAP in English
0733 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — The government and the ruling Democratic Liberal Party (DLP) have agreed to make the sum of government-set prices on land owned by people their aggregate land tax base starting next year and to significantly lower aggregate land tax rates in order to help alleviate the burden on landowners who would otherwise face carrying a heavy load with the new tax base system.

Under the joint government-DLP measures to complement the real-name financial and land transaction systems that will go into effect next year, tax bases will gradually be raised over a three-year period starting in 1996 on lands where government-set prices are less than 31.6 percent, lower than market prices, DLP chief policymaker Kim Chong-ho said Friday.

The issue of a value-added tax exemption will also be raised from the current 12 million won to 24 million won and the upper business income limit for special tax breaks will rise from 36 million won to 48 million won a year in order to realize a lighter tax burden on small businesses. In addition, a simplified tax system will be introduced to small businesses with a yearly turnover of 48 million to 150 million won.

Restrictions on land transactions in areas covering 34 percent of the country's total land expanse will be lifted, but transactions in areas where speculative investment is expected, such as areas designated for development or in the initial stage of development, will still be subject to the government's approval.

Meanwhile, a bankruptcy insurance system will be introduced so that consumers making installment payments to builders for housing under construction will receive a refund if the builder goes bankrupt.

The costs for private firms wishing to change farmland into factory sites will be reduced to the level government enterprises pay for such changes in land use.

To increase savings deposits, interest on special financial trusts maturing in five years or longer will be subject to a different tax bracket than the one used by the global or aggregate income tax system.

In addition a new household savings plan will be introduced which will have a different tax rate than the one used by the global income tax system used for interest earned by deposits up to 12 million won per household.

Procedures for bank account holders to confirm their identity will be simplified. Currently, such confirmation requires account holders to present their resident registration cards.

Meanwhile, the tax on excessive increases in land value will remain in effect, as the government turned down the DLP's demand for scrapping this tax.

Group Questions President on 'Slush Fund'

SK2508023595 Seoul THE KOREA TIMES in English
25 Aug 95 p 2

[FBIS Transcribed Text] The National Congress for New Politics led by Kim Tae-chung yesterday sent to President Kim Yong-sam a list of questions, seeking an explanation of the alleged 400 billion won slush fund of former presidents.

In the open letter, a special committee of the party, which will be officially inaugurated early next month, said that the prosecution probe into the scandal appeared to be a coverup.

The committee headed by Rep. Cho Se-hyong asked why prosecutors distorted the statements of Kim Il-chang, a broker who the prosecutors said informed former government minister So Sok-chae of the existence of the slush fund.

It also asked why state prosecutors did not summon seven reporters who were told of the slush fund by So at a dinner on Aug. 1 or launch an investigation into an allegation that a dozen journalists in Pusan were also informed of the fund by So in July.

The panel urged President Kim to disclose the results of the prosecution probe into the Donghwa Bank slush fund scandal in 1993 and the true picture of the government's alleged secret investigation into the slush funds of former presidents Chon Tu-hwan and No Tae-u in 1994.

Groups To Refrain From Attacking Each Other

SK2508022095 Seoul THE KOREA TIMES in English
25 Aug 95 p 2

[FBIS Transcribed Text] Pak Chi-won, the sharp-tongued spokesman of the nascent National Congress for New Politics [NCNP], has told An Sung-yol, spokesman of the United Liberal Democrats, he will refrain from verbally attacking his party, saying he hopes he will do the same.

Pak suggested a truce in the verbal war in a telephone call to An recently, saying the exchange of tirades by the two opposition parties will only benefit the ruling camp.

Pak's offer was prompted by An's verbal bashing of NCNP leader Kim Tae-chung, who recently said he favors the current presidential system, instead of a parliamentary Cabinet system as the next form of the government, in an abrupt change of his former position. The ULD is led by Kim Chong-pil, an ardent supporter of the Cabinet system.

According to Pak, the ULD spokesman said he was sorry for his criticism of Kim Tae-chung and agreed to his truce offer.

Pak, meanwhile, said that he had not made a similar offer to the Democratic Party led by Yi Ki-taek, who harbors a grudge against his former political partner Kim Tae-chung. Kim recently bolted the DP along with 54 district-elected DP lawmakers to create the NCNP.

The NCNP spokesman said that he feels no need to hassle Yi's party, which eagerly hopes for the downfall of the NCNP and its leader Kim Tae-chung.

New BOK Governor Promises 'Price Stability'

SK2508023495 Seoul THE KOREA HERALD
in English 25 Aug 95 p 8

[FBIS Transcribed Text] Yi Kyong-sik, newly appointed governor of the Bank of Korea, said yesterday that the most important task facing the central bank is to maintain a consistent monetary policy to keep the money supply at a proper level for price stability.

Shortly after his inauguration ceremony, Yi told reporters that he will also put top policy priority on a consistent implementation of financial reform.

"We will direct all our monetary policy efforts to consolidate price stability in the national economy, which will enable the national economy to make a soft landing in the short term and ultimately induce low-level inflation," Yi said.

Yi, who served as the first deputy premier and minister of the then Economic Planning Board under the administration of President Kim Yong-sam, who took office in 1993, assumed the helm of the central bank for a four-year term, replacing Kim Myong-ho, who stepped down last Saturday, taking responsibility for the leakage of bank notes from the BOK's Pusan branch.

To restore damaged public confidence in the BOK and to prevent a recurrence of similar incidents, Yi said the central bank should make a thorough examination of the cause of the note leakage incident. "If it requires drastic system changes, we should do it."

The new BOK head, who worked for the central bank for five years from 1957, promised the creation of a "reborn" central bank.

Yi said the central bank will operate its monetary policy to enhance the competitiveness of the national economy by funneling greater funds available into the fostering of the capital goods industry, technology development and smaller firms' industrial restructuring.

The central bank will step up its prudential supervision to discourage excessive risks and to maintain the health of financial institutions, Yi said. Keener competition may well tempt financial institutions to pursue more aggressive management strategies, which may lead to an increase of various risks and nonperforming assets, he added.

Group Submits Appeal on Kwangju Incident

SK2508083695 Seoul YONHAP in English
0713 GMT 25 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 25 (YONHAP) — Unsatisfied with the high court-martial's rejection of their appeal for a review of lawsuits they brought against 11 active-duty military personnel involved in the armed suppression of the Kwangju democratization movement, the 614 complainants, including Chong Tong-nyon, lodged complaints with the Supreme Court Friday.

The appeal was made under the provisions of article 304 of the Military Court Law which stipulates that an appeal, when turned down by the general court-martial, may be reappealed to the Supreme Court.

Despite the earlier decision by the prosecution not to indict those involved in the suppression of the Kwangju uprising, the case has now been taken to the Supreme Court.

Among the 11 active-duty military personnel against who the appeal has been filed is Gen. Kim Tong-chin, chairman of the Joint Chiefs of Staff, who commanded the martial law troops in Kwangju during the suppression.

Based on the appeal of the Kwangju uprising case, the Supreme Court plans to examine whether the prosecution's decision not to indict those involved in the case was proper and to determine if the statute of limitations for the case begins on Aug. 16, 1980, when former President Choe Kyu-ha resigned.

Should the Supreme Court accept the appeal, a special prosecutor will be appointed from among lawyers to investigate the active military-duty officers involved in the case.

The first appeal against the 11 active-duty military officers was filed with the high court-martial in July when the military prosecution cleared the officers of responsibility, reasoning that "a successful insurrection by active-duty military personnel cannot be punished."

The high court-martial turned down the appeal on Aug. 16.

Burma

Shan Claims Control of Mong Tai Army

BK2508070795 Bangkok BANGKOK POST
in English 25 Aug 95 p 3

[FBIS Transcribed Text] Shan State's Central Executive Reform Committee (CEC) has claimed full control over the Mong Tai Army (MTA) in a bid to pressure opium kingpin Khun Sa to give up power.

However, the CEC insists it still leaves an open door for Khun Sa to assist in its work.

The committee aims "to act in accordance with the sentiments and wishes of Shan people of all races" and to consolidate efforts to fight for larger autonomy from the ruling Burmese regime.

The 10-member committee is chaired by Shan State National Congress (SSNC) president Gunjade.

Committee executives are key men from the SSNC and prominent MTA administrators including Zarm-mai, Falang (vice chairmen), Khwa-mong (secretary-general), and Saengyord (assistant secretary-general).

Other committee members are Khunduan, Kyaw Myint, Kawfah, Kyaw Maung and Sarya.

The exclusion of Khun Sa from the committee raises fear that some of the warlord's loyalists in the Mong Tai Army may stage a revolt to bring their boss back into power.

The CEC, however, maintained that so far there has been no sign of resistance from the force, adding all sides concerned have thrown their solid support behind a plan to give the MTA a new facelift in an attempt to create a more positive image in the eyes of the global community.

All sides, including the ordinary Shan people, have welcomed the takeover of the MTA, according to the CEC.

The committee secretary general Khwamong said the administrative change in the MTA is justified because it is what most Shan people want.

The CEC would ensure sincerity and consistency in its efforts to restore Shan State's sovereignty.

"I have no intention to apply pressure on any single person. We are well aware of the fact that the people in Shan State are now no longer attached to an individual who may think he could still lead them as in the past," said Khwamong, apparently referring to Khun Sa.

"They (the people of Shan State) want to see the MTA being managed by a team of devoted people. We believe

we will be able to administer the force with utmost efficiency," added the CEC's secretary-general.

It is necessary, however, that the CEC be allowed some time, at least until it can draft important legislations, to get things off the drawing board and accomplish its tasks.

Khwamong said the fate of Khun Sa in the MTA is still hanging in the balance.

He conceded the rebel army, which Khun Sa has commanded for many decades, has no desire to see him leave the force permanently.

The CEC secretary-general said it would be in the best interest of the MTA if the warlord could contribute to the committee's work "once in a while."

"Most people still respect him. We don't want to limit his role or shun him from participating in the MTA activity altogether. But if he insists on stepping down and leaving for good, then I have no idea how I can talk him into changing his mind," said Khwamong.

He believes, however, that Khun Sa would choose to remain in the force in some capacity rather than withdrawing his total support from the MTA.

Meanwhile, the fighting between the MTA and the SLORC [State Law and Order Restoration Council]-backed United Wa State Army (UWSA) continues opposite Mae Ai district, Chiang Mai.

The clash has left six MTA army personnel dead.

Because of intervention by the SLORC both sides have failed to hold talks on a ceasefire agreement.

The SLORC has reportedly given the MTA two weeks to withdraw from its stronghold at Yon.

Fierce fighting is expected if the MTA refuses to pull out within the given deadline.

Khwamong accused the SLORC of trying to sabotage the MTA by instigating disunity within the force, a tactic proven effective in reducing the power of the Karen National Union.

A recent breakaway of 500 personnel from the MTA was also the work of the SLORC said the CEC secretary-general.

Cambodia**Japan Promises Private Sector Investment**

*BK2508110195 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 25 Aug 95 pp 1, 12*

[Report by Dararit]

[FBIS Translated Text] Yohei Kono, Japanese deputy prime minister and foreign minister, at a meeting with the two prime ministers of the Kingdom of Cambodia at the Chamka Mon Government House on the afternoon of 23 August said Japan will continue to assist in the development of Cambodia. At present, only the Japanese Government is helping, but in the near future the Japanese private sector will come and continue to help develop Cambodia. Japan will look at all the projects and requests presented by the Royal Government of Cambodia [RGC].

The Japanese deputy prime minister and foreign minister again hailed the great success of the last elections in Cambodia which had been seen as futile at the beginning. He welcomed the impressive and continuing political stability here and the country's status as an ASEAN observer. He valued Cambodia's stability and peace as of vital importance to the Asia-Pacific region.

At the meeting, Prince Krompreah Norodom Ranariddh informed his guest about the general situation in Cambodia, stressing the good cooperation between the two prime ministers and the two major political parties that had brought about political stability and national development. Although the Khmer Rouge remains a problem, he added, it does not pose any danger to Cambodia at all. The prince added that the fine cooperation between the RGC and the National Assembly has also contributed to promoting unity, thus transforming Cambodia into a legal state.

On the same afternoon, Yohei Kono and Ing Huot, minister of foreign affairs and international cooperation, signed a protocol on 1,150 million yen or nearly \$19 million to be provided by Japan for two RGC projects.

Of this, 1,107 million yen or \$18 million will be used to restructure telecommunications in Phnom Penh while 49 million yen will be spent on developing human resources for Cambodia's television network.

Ing Huot said Japan's role in Cambodian development is indispensable, adding that so far it has provided over \$350 million in aid to the country.

Yohei Kono added that Japan had played an active role in the country's peace plan and was the first to provide aid in many areas to Cambodia. He added: It is of great happiness and interest to hear His Majesty King Norodom Sihanouk and Cambodian leaders saying

that the Japanese-aided restoration and reconstruction of roads and bridges are great contributions to Cambodia's development in a clearly-defined way.

Yohei Kono went on to say: Telecommunications development has not only provided convenience to users but has also helped accelerate Cambodia's economic and social development. Japan is also very interested in its human resources development. In connection with this, the television programs provided by Japan consist of high-quality English language training programs and a children's program. I am firmly confident these programs will be vitally important in educating Cambodian children who will take their turn in building Cambodia in the future.

During his 24-hour visit to the Kingdom of Cambodia on 23 August, Yohei Kono and his delegation had an audience with His Majesty King Norodom Sihanouk and her majesty the queen at the Teveavinichhai throne hall in the Royal Palace. The Japanese prime minister and foreign minister also visited the Phnom Penh river port which has been restored with 3,039 million yen in unconditional financial aid from the Japanese Government.

On the same afternoon, Yohei Kono attended a ceremony to hand over a road construction experimental center to the Public Works and Transport Ministry of the Kingdom of Cambodia. The construction of the Japanese-financed center costs 2,076 million yen.

On the afternoon of 23 August, the Japanese deputy prime minister and foreign minister departed Cambodia safely.

Government Troops Reportedly 'Now Starving'

*BK2508072895 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 25 Aug 95 pp 1, 3*

[Report by Vong Mul]

[FBIS Translated Text] An unidentified Royal Air Force chopper pilot, who was flying to Preah Vihear Province, said: Government troops on active duty in Choam Khsan, An Seh, and other areas in Preah Vihear Province are now starving; needless to say, they are utterly lacking medicine.

The Air Force officer added: Due to the famine, those soldiers have sold a great quantity of ammunition to the other side. They have even given away their raincoats, tents, and their shelters for money to buy rice. The Khmer Rouge is presently putting poison in water and strewing it in the jungle to destroy government troops.

Government troops in the area appear to be losing their fighting spirit because they are being neglected by the Defense Ministry.

The officer further said: The soldiers rush forward to look for food every time his helicopter lands. Without food or dried rice, they would certainly shoot to prevent the chopper from taking off. He expressed pity for government troops who have suffered such hardship. It is believed that one day the An Seh base will certainly fall to the Khmer Rouge. Even the helicopter he is now operating is very old and has been overused. Without assistance provided by a plane, Preah Vihear Province would certainly be in great difficulty.

Khmer Rouge Claim Eight Enemy Soldiers Killed

BK2508033995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 24 Aug 95

[FBIS Translated Text] After besieging enemy positions with punji stakes and mines and after sniping at and attacking enemies who were moving about and in their positions with mines for a good while, the National Army joined hands with our people in launching a commando attack on 21 August and destroying a battalion position of the fifth military region at Anlung Koul village in Mounng District [Battambang Province]. After a 20-minute clash, we completely destroyed and captured the position. We killed eight enemy soldiers on the spot and wounded five others; destroyed five guns, a motorbike, five barracks, and some war materiel; and seized 12 assorted arms, including an 80-mm mortar with 10 rounds, five AK's with 290 rounds, five SKS's, an AR-15, an anti-tank rocket launcher, a big field radio antenna, 16 rockets, and a quantity of war materiel.

We also completely smashed and swept away two-headed civilian administrators at the following three villages in the (Ronoas Neangkoal) commune: Trei Trung Muoy, Trei Trung Pi, and Chungruk Dong. The cruel administrators were all dispersed.

The next morning we planted 2,000 stakes in an area in front of Pralai Prey Chheu. An enemy soldier was killed and another wounded when they stepped on our stakes and mines while trekking from Prek Chik to Pram Damloeng.

Indonesia

Balkans Players Accept Suharto Talks Offer

BK2408141195 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 24 Aug 95

[FBIS Translated Text] Croatian President Franjo Tudjman, Bosnian President Izetbegovic, and Serbian President Slobodan Milosevic have agreed to come to In-

donesia to accept a proposal by President Suharto, the chairman of the Nonaligned Movement, to solve the conflict in the former Yugoslavia.

Speaking to reporters in Jakarta this afternoon, Nana Sutresna, chairman of the Nonaligned Movement's Executive Committee, said the willingness of the three heads of state to hold talks in Indonesia is attributed to the great respect they have for President Suharto's role in solving several regional conflicts, including the Cambodian problem. The three leaders made the decision after they learned of Indonesia's efforts to approach several countries — namely the United States, Russia, Germany, France, Britain, Slovenia, and Macedonia — that are concerned with the current conflict in the Balkan region.

As for the timing and venue of the meeting, Nana Sutresna said he still needs two more meetings with the three leaders to discuss the technical aspects of the upcoming meeting in Indonesia. Nana Sutresna noted he also needs advice from President Suharto. On the meeting to be attended by the three leaders, Nana Sutresna said Indonesia will only act as a facilitator [preceding word in English] and not a mediator because the conflict in the former Yugoslavia can basically be solved by those directly involved. If, however, the three leaders need the goodwill of contact group [two preceding words in English] countries like the United States, Russia, France, Germany, and Britain, Indonesia will then approach those countries.

Daily Welcomes Meeting

BK2508094195 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 25 Aug 95

[From the Press Review]

[FBIS Translated Text] The MEDIA INDONESIA daily says the meeting in Jakarta among the presidents of the three countries involved in the conflict in Bosnia-Herzegovina is a breakthrough amidst the diplomatic impasse caused by big powers like the United States, Russia, Britain, Germany, and France.

As the chairman of the Nonaligned Movement and in accordance with its free and active foreign policy, Indonesia believes that world conflicts can be settled through negotiations.

This has been proven in the efforts to seek a peaceful settlement for Cambodia, and for the Philippine Government and the Moro National Liberation Front in southern Philippines.

Netherlands' Queen Beatrix Arrives for Visit

BK2108072595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 21 Aug 95

[FBIS Translated Excerpt] Queen Beatrix and Prince Klaus of the Netherlands began their 10-day state visit to Indonesia today. Here is our correspondent Joko Saksono reporting on the official welcoming ceremony held at the Merdeka Presidential Palace in Jakarta.

[Begin Joko recording] Queen Beatrix and Prince Klaus, the state guests from the Netherlands, arrived at the Palace at 1100 West Indonesian time [0400 GMT] and were greeted by President and Madame Tien Suharto. The Dutch state guests were accorded a military ceremonial welcome.

Present at the welcoming ceremony were Vice President and Madame Try Sutrisno, leaders of the highest state body and high state bodies, and members of the Jakarta-based diplomatic corp.

Later, President and Madame Suharto sent his guests to the state Guest House. They were accompanied by Minister/State Secretary Murdiono. [passage omitted] [end recording]

Suharto Hosts Banquet

BK2208070295 Jakarta ANTARA in Indonesian 1345 GMT 21 Aug 95

[FBIS Translated Excerpt] Jakarta, 21 Aug (ANTARA) — President Suharto has told Queen Beatrix that Indonesia and the Netherlands should take lessons from the past to develop new relations based on new foundations and new objectives.

"All countries have to develop relations based on mutual respect for each other's sovereignty, noninterference in the internal affairs of another country, and promotion of mutual interests and cooperation."

Suharto said this during a speech at a state banquet honoring the visiting Dutch Queen Beatrix, who arrived in Jakarta on Monday morning.

The head of state, who was accompanied by Madame Tien Suharto, Vice President Try Sutrisno, and Madame Tuti Sutrisno, also said that the two countries had been brought together by a historical link of more than three centuries.

"Indonesia and the Netherlands are parts of a new era that keeps changing. Sovereign and mature countries do not always share similar opinions on all matters. Our two countries are no exception," Suharto said to Queen Beatrix and her husband Prince Klaus.

The president said: "We must, however, have the determination to understand each other and maintain friendly relations. I believe that our two countries have demonstrated this attitude, and we will continue to proceed with this spirit. Accordingly, factors that unite us will always be stronger than those that separate us."

The head of state stressed that mutual understanding could contribute to international relations for the sake of peace and the prosperity of mankind. He said that wisdom could exist despite great differences between the two countries.

"I believe that her majesty's visits to the district will strengthen mutual understanding, friendship, and mutual benefit," Suharto said to his guest, who will be visiting Surabaya, Yogyakarta, Balikpapan, Manado, Palembang, and Padang.

Optimistic

Touching on development in Indonesia, the head of state said that the process of development was not easy and had sometimes caused difficulties.

"However, just like the people of the Netherlands, we are optimistic about it," Suharto added. [passage omitted]

Dailies Hail Visit

BK2208130095

[FBIS Editorial Report] Three Indonesian-language dailies carry editorials welcoming Netherlands Queen Beatrix's state visit to Indonesia.

Jakarta SUARA PEMBARUAN on 21 August carries a 700-word editorial entitled "The Golden Jubilee Is Over, Queen Beatrix Arrives" on page 2. SUARA PEMBARUAN recalls the nationwide celebrations in commemoration of the 50th anniversary of the Republic of Indonesia and looks forward to the 21st century.

Welcoming Netherlands Queen Beatrix's 10-day state visit to Indonesia, the daily says: "Although similar to the visits of other heads of state, the implications and psychological aspect of this visit are different. As Netherlands Prime Minister Willem Kok told Indonesian journalists last July, Indonesia has a special place with the Netherlands. This is understandable. Likewise, the Netherlands has a special place with Indonesia due to 350 years of bitter and traumatic relations and various events from 1945 to 1950.

"Queen Beatrix's state visit to Indonesia, which comes only a few days after the golden independence jubilee, is indeed of unique significance because there were various opinions and comments in the Netherlands itself

and Indonesia about the fixing of the date long before the planned visit. Would it be appropriate for Queen Beatrix to visit Indonesia as it was celebrating the golden jubilee of its independence? Would it not be better for the visit to be postponed or, at least, to be made after August, the month of the declaration of the independence of the Republic of Indonesia?"

In conclusion, SUARA PEMBARUAN says: "In this context, we hope that the Netherlands queen's visit will strengthen bilateral relations. It is our task to truly take advantage of the state visit despite the absence of official talks between the queen and President Suharto. Moreover, about 70 Netherlands businessmen are accompanying her for the visit. Their presence will thus be very promising for the enhancement of bilateral economic and trade ties.

"Accordingly, it is the task of all sides, particularly Indonesian businessmen to properly welcome the state guest while holding negotiations with the Netherlands side to achieve mutually advantageous economic and trade relations.

Jakarta KOMPAS on 22 August carries a 700-word editorial entitled "Will Queen Beatrix's Visit Strengthen Warm Relations Between the Two Countries?" on page 4. KOMPAS stresses that Queen Beatrix is not the first Netherlands sovereign to visit Indonesia. Her mother Juliana visited the former Netherlands colony as a reigning queen in 1971. The fact that Queen Juliana was warmly welcomed by the Indonesian people 24 years ago proved that vengeance is not part of the Indonesian culture.

Turning to relations between former colonies and their former colonial masters, KOMPAS notes: "Former colonies and other developing countries frequently feel that industrialized Western nations and former colonial masters adopt double vision and standards. For example, the impression is that the violation of human rights and dignity is the monopoly of new nations" The daily calls for the abolition of the double vision and standards to enable all countries to develop equal relations.

Dealing with bilateral relations, KOMPAS says: "Unlike Queen Juliana's visit 24 years ago, Queen Beatrix is accompanied by a large delegation of Netherlands businessmen led by Minister of Economic Affairs Dr. G.J. Viers.

"This is the order of the day. The visit of a head of state is no longer confined to diplomatic and cultural goodwill or the enhancement of mutual understanding. However, the psychological, cultural, and diplomatic bonds must be immediately translated into concrete, in this case, economic cooperation.

"There are wide opportunities for the Netherlands to invest and offer its expertise to Indonesia. This country has yet to catch up with others in the region. The Netherlands once served as a gateway for our intellectuals and activists to gain the great ideas of Europe. The Netherlands is now a gateway for trade and greater access to markets in Europe."

KOMPAS hopes that Queen Beatrix's visit to Indonesia will contribute to efforts to develop more mutually advantageous cooperation.

Jakarta REPUBLIKA on 22 August carries a 500-word editorial entitled "The Queen and The Future" on page 6. REPUBLIKA considers the queen's visit to Indonesia an interesting event because the Netherlands people were divided over it. Netherlands veterans did not want the queen to be in Indonesia on 17 August, the day Indonesians declared their independence 50 years ago, while others urged her to apologize to Indonesia for their past colonial rule and to recognize Indonesia's independence date. The Netherlands recognized the Federal Republic of Indonesia in 1949, but Indonesian republicans later reestablished the unitary Republic of Indonesia.

REPUBLIKA recalls that bilateral relations were strained after Indonesia rejected development aid through the IGGI [Intergovernmental Group on Indonesia], a Netherlands-sponsored donor group, in 1993. Indonesia felt that the Netherlands interfered in its internal affairs. The daily expresses no interest in whether the Netherlands should apologize for its past colonial rule.

In conclusion, REPUBLIKA says: "In this context, the queen's visit is very important. We do not know precisely what her main mission is here. Something will reportedly be disclosed. Whether there will be an apology or a recognition of the independence date remains unclear. If that is true, relations between the two countries will be more significant and mutually advantageous.

"The two nations need windows respectively. Indonesia needs Europe and the Netherlands needs Asia."

Human Rights Not Discussed

BR2408134095 Amsterdam DE VOLKSKRANT
in Dutch 24 Aug 95 p 3

[Unattributed report: "Beatrix Invites Suharto for State Visit"]

[FBIS Translated Text] Surabaya — President Suharto is to come to the Netherlands for a state visit. The dates have not yet been established, but it will not be in the

near future. Queen Beatrix has invited the president to visit, said Foreign Minister Van Mierlo yesterday afternoon in Surabaya.

Did the minister expect opposition from within the Netherlands to the visit? "It will not surprise me if there are groups in the Netherlands which have less cordial feelings when the president comes," said Van Mierlo. "The president will certainly understand that such visits are potentially controversial. Nevertheless they must take place."

Yesterday the queen had a confidential talk with Suharto for close to half an hour about a number of political questions. Prince Claus, Prince Willem-Alexander, and Mrs. Suharto attended the conversation. Questions like Bosnia and the United Nations were discussed.

Strangely enough human rights did not come up during the conversation. Van Mierlo said in the first instance: "During the greater part of the conversation the president talked about Indonesia's plans for the future. Because of that no time was left. It is not true that from our side the question of human rights was avoided totally." In the second instance the minister said the question of human rights had already been discussed extensively in his talks with Foreign Minister Alatas. Because of this there was no "specific necessity" for the queen to bring up the issue.

Van Mierlo is to have regular personal talks with Alatas. Van Mierlo was elated about the contacts which he has managed to build up with Alatas. Previously he has already called them "open-hearted and very intimate." The politicians will have extensive talks with one another at least once every two years.

Alatas, Dutch Counterpart Plan Meetings

*BK2408090095 Jakarta ANTARA in Indonesian
1718 GMT 23 Aug 95*

[FBIS Translated Text] Jakarta, 23 Aug (ANTARA) — Foreign Minister Ali Alatas and Netherlands Foreign Minister Hans van Mierlo see the need for them to meet periodically, every 18 months, to support regular economic meetings by the two joint commissions.

"The two foreign ministers need to meet periodically. There is no need for us to meet every year. We can meet every 18 months," he told reporters in Jakarta on Wednesday about his meeting with van Mierlo on Monday (21 August).

According to Alatas, periodic meetings will be important to further boost an exchange of political views on bilateral and multilateral issues.

He said the Netherlands foreign minister was impressed with Indonesia's roles in seeking comprehensive and final solutions to various problems.

"Foreign Minister van Mierlo was impressed by Indonesia's experience in settling the Cambodian conflict. Indonesia was able to persuade elements and people, who earlier refused to meet each other, to meet and reach a peaceful solution to their conflict," Alatas said.

According to van Mierlo, the Netherlands and Indonesia share identical views on nuclear tests and the restructuring of the United Nations. There are almost no problems in bilateral political relations.

"There are, however, demonstrations by people of the self-styled Republic of South Moluccas [RMS, a separatist republic in the Moluccas that was crushed by the Indonesian Army in 1950] from time to time. We need to overcome the issue. This is the only remaining problem. There are no problems in other fields," he said.

He added that the Indonesia-Netherlands Joint Commission meets from time to time to put the RMS issue in proper proportions in accordance with the Wassenaar Agreement.

"The RMS issue is a Netherlands problem. The essential point is how to better integrate Moluccans into the Netherlands society, he said.

The repatriation of old Moluccans from the Netherlands to Indonesia has been undertaken on a case-by-case basis.

In addition, Indonesia has allowed several Netherlands-born Moluccan youths to visit and observe the real situation in Indonesia. They are militant, although they have no knowledge about the situation in Indonesia.

Their visits to Indonesia have, in general, had positive effects, Alatas said.

Alatas Stresses Ties With Netherlands

*BK2208142595 Jakarta ANTARA in Indonesian
1150 GMT 22 Aug 95*

[FBIS Translated Text] Jakarta, 22 Aug (ANTARA) — Foreign Minister Ali Alatas stressed that nonpolitical dialogue between the people of Indonesia and the Netherlands should be encouraged in an effort to further enhance relations between the two countries in the future.

Speaking to the press after opening the "Jakarta Meeting '95" — the Indonesia-Netherlands Forum (FINED) in Jakarta on Tuesday, he said: "The 'people-to-people'

[preceding three words in English] dialogue, which excludes the existing groups and politics, should be encouraged. Discussions on economy, information, culture, and tourism will speed up cooperation between the two countries."

In his address, Alatas stressed that relations between the people of the two countries were friendly and sincere and could not be destroyed by time and events.

He said: "However, the proclaimers, who proclaimed Indonesia's independence 50 years ago, acknowledged that independence would not destroy relations between the people of Indonesia and the Netherlands."

He said contact between the citizens of the two countries was an effective procedure to overcome past political sensitivities and global issues such as human rights, democratization, democracy and issues related to the environment.

Touching on other issues, Alatas noted that relations between the two countries had not always been on a smooth course. During the 1950-1960 period, Indonesia and the Netherlands underwent a tense period due to the West Irian (currently Irian Jaya) issue.

Another sensitive issue was Indonesia's rejection of the Inter-Governmental Group on Indonesia's (IGGI) assistance for development.

Adding that relations between Indonesia and the Netherlands matured after the incident, he said: "Such an incident, however, did not deliver a fatal blow to bilateral relations."

According to him, as a result of the tense period, the two countries became wiser and more mindful that there was a need to consider the sensitivities in their bilateral relations.

During the two-day meeting, which involves experts and industrialists from the two countries, Alatas said that the time has come for the establishment of a more unique multidimensional relations based on mutual respect, need and benefit.

He said: "All this will be adequate to prevent conflicts and unavoidable challenges in future."

Alatas Says No Executions of Prisoners

BR2408101295 Hilversum Nederland-1 Television Network in Dutch 1800 GMT 23 Aug 95

[FBIS Translated Text] [Announcer] Good evening, ladies and gentlemen. Indonesia will not execute political prisoners. [Netherlands] Foreign Minister Van Mierlo received this assurance from his Indonesian counterpart, Minister Alatas. Van Mierlo is accompany-

ing Queen Beatrix on her state visit. In an interview last Monday [21 August] Alatas said that his government's policy had remained unchanged and that no death sentences would be executed. However, since rumors contradicting this kept circulating, Minister Van Mierlo today again held talks with his Indonesian counterpart.

[Begin Van Mierlo recording] Obviously — everybody understands this — I told him again that, if people who have been in prison for 30 years are executed, this would not only arouse the Netherlands' indignation, but also the European Union's, and probably that of the entire world. I asked him again whether there is any intention to change the current policy, and the answer was that there is absolutely no intention to change the current policy. [end recording]

Philippines

President Ramos Pardons 62 PRC Fishermen

*BK2508105995 Hong Kong AFP in English
1031 GMT 25 Aug 95*

[FBIS Transcribed Text] MANILA, Aug 25 (AFP) — President Fidel Ramos on Friday pardoned 62 Chinese fishermen who have been jailed for six months in the Philippines for poaching in the disputed Spratly islands, but said four of them will remain in jail on related charges. "I am granting absolute pardon to the Chinese fishermen who were convicted of malicious mischief by the Regional Trial Court of Puerto Princesa," Ramos said in a statement.

"By the foregoing act of grace, the Chinese fishermen extended pardon shall be free from the punishment for the crime they have committed and for which they have been convicted by the court.

"They shall no longer be required nor compelled to suffer the penalty of imprisonment," he added.

The 62 Hainan natives were arrested by the Philippine Navy on Half Moon Shoal, in an area of the South China Sea claimed by the Philippines, on March 25. Faced with a possible 20-year jail term for poaching and for possession of explosives, they agreed to plead guilty to the lesser charge of malicious mischief earlier this month in exchange for a withdrawal of the other charges.

But Ramos added that the pardon of four boat captains in the group was "in the meantime suspended," pending investigation in connection with illegal entry charges in the western city of Puerto Princesa. He identified the four as Mak Yun Chui, Lai Tak Kun, Wong King Fa, and Shun Man On.

The Spratlys are also claimed in whole or in part by Brunei, Malaysia, Taiwan and Vietnam.

Australian Trade Mission To Aid Sugar Industry

*BK2408120695 (Internet) Balita Listserv in English
18 Aug 95*

[Undated article from the Cebu City THE FREEMAN by Business Editor Henry Y. Lim]

[FBIS Transcribed Excerpt] A 10-man Australian trade mission is in town to help improve the Philippine sugar industry which has been unable to cope with the growing demand for sugar. Even as more than a thousand sugar planters, millers, and managers met at the Plaza Hotel for the 42nd annual convention of the Philippine Sugar Technologists [Philsutech] Association, President Ramos had to approve the importation of 100,000 tons of sugar to prevent the further escalation of sugar prices which has reached a high of P [pesos] 30 a kilo.

A member of the Austrade Mission attending the Philsutech convention, Phil Abermethy of the STG Engineering, bluntly declared that the group can improve the local sugar industry by as much as 300 percent by claiming that Australia has the most advanced sugar technology in the world.

The arrival of the group of experts in foundry engineering, steam generation, gear, drive and marketing technology coincided with the convention theme of "Redirection Towards World Class Competitiveness". [passage omitted]

The Philippine sugar industry provides direct employment to 363,000 workers in countless sugar plantation, 39 sugar mills and, 9 sugar refineries. The mills have a rated milling capacity of 183,328 tons per day. Raw sugar production was 1.86 million tons in the 94/95 season. Some 29,610 sugar cane farmers cultivated 376,232 hectares and exported 271,000 tones in 1994.

The sugar industry however is in dire need of modernization in order to compete internationally. Sugar production costs in the Philippines are \$0.22 per pound while world production cost are \$0.10 to \$0.12 per pound.

To improve the over 40 year old mills, the government through the Board of Investments has started a Rehabilitation and Modernization Program in 1991. So far, more than 20 sugar mills have registered to avail of capital equipment incentives for tax and duty free importation of capital equipment, replacement, and spare parts or a tax credit for domestic sugar equipment.

The Austrade Mission said Australian suppliers are well known and enjoy a good reputation among sugar com-

panies. Many Australian equipment suppliers had provided equipment to major sugar mills. Some Australian consultants have been commissioned to oversee a number of sugar projects here. The Australians can supply conveyor chains, steam turbines, gear reducers, milling crushers, and refining equipment.

The participation of the Austrade mission in the convention is seen as very timely for Australian manufacturers of sugar harvesting, cane handling, milling, and refining equipment. Yesterday, the mission presented papers on the Australian Sugar Industry's expansion into the 21st century, cane milling technology, solutions engineering boilers, environmental protection strategy, and research and development conditions.

Thailand

Premier 'Not Worried' by Military Criticism

*BK2508133195 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 25 Aug 95*

[FBIS Translated Text] Commenting on an article critical of the government that was broadcast on the Army's Sayammanusati radio program this morning, Supreme Commander General Wathanachai Wutthisiri said the program has the legitimate right to express its opinion. He believes the government is broad-minded enough in this regard. He added, however, that the article does not represent the opinion of the entire armed forces and nobody should be concerned about military interference in politics. He said:

[Beginning Wathanachai recording] We have not crossed the line. In other words, we are still supportive of and helpful to the government. Soldiers have the right to criticize or comment on the government's performance, though. They would think that soldiers are like turtles with no mouth to speak if we did not say anything at all. [end recording]

It has been reported that the article — criticizing the government for the high price of commodities — was compiled by Chamnong Thepsawat. Somsak Pritsanananthakun, spokesman for the Prime Minister's Office, said the program is regarded as part of the mass media and it has the right of expression. The government does not feel offended and regards it as a reflection of the general view in the armed forces. Nevertheless, this issue will be brought up for discussion.

Meanwhile, Prime Minister Banhan Sinlapa-acha said he had not listened to the program. He noted that the Commerce Ministry has already explained the causes of the high price of commodities. He will find out about the article later; he is not worried about it.

Premier, Military Leaders Discuss Arms Purchase

BK2408045895 Bangkok THE NATION in English
24 Aug 95 pp A1, A3

[FBIS Transcribed Text] Military leaders yesterday stood firm on their call for Prime Minister [PM] Banhan Sinlapa-acha to equip the armed forces with modern weaponry to ensure their readiness for possible warfare.

Banhan said arms purchasing was one of the four issues discussed during his first "working breakfast" with military leaders at the premier's Ban Phitsanulok residence yesterday morning. "I have yet to see what we can do with their proposals," the premier said after visiting Privy Councillor Gen Prem Tinsulanon at his residence to wish him a happy birthday. Prem turns 74 on Saturday.

Senior military leaders at the hour-long breakfast were: Permanent Secretary for Defence Gen Prasert Sararit; his deputy, Gen Wirot Saengsanit; Supreme Commander Gen Watthanachai Wutthisiri, Deputy Supreme Commander Gen Suphit Wora-uthai; Armed Forces Chief of Staff Gen Pramon Phalasin; and Army Commander in Chief Gen Wimon Wongwanit.

Other participants included Deputy Army chief Gen Phaibun Emphan, assistant Army chief Gen Chettha Thanacharo; Navy chief Adm Prachet Siridet, Navy Chief of Staff Adm Bunplot Mamuangkaeo; Air Force chief ACM Siriphong Thongyai, deputy Air Force chief ACM Charoon Wutthikan and Air Force Chief of Staff ACM Amom Naeomali.

Defence Minister Gen Chawalit Yongchaiyut, Finance Minister Surakiat Sathianthai and PM's Secretary-General Det Bunlong were also present at the meeting. A source said the military leaders breakfasted on rice porridge in a "pleasant" atmosphere, but refrained from joking. He said Banhan appeared somewhat embarrassed during the meeting, related His Majesty the King's advice on the traffic solution-plan, but did not ask for the military's assistance.

Apart from the arms issue, the military also asked the premier to provide housing and a salary raise for junior military officers, whose pay the leaders claimed is lower than workers' minimum wages, and to provide more vehicles for the armed forces, Banhan said. Banhan said he would meet the military leaders once every two months. "I've known some of the military officers for 20 years, but we have rarely dined together. I don't think there were any problems in today's meeting," he said. The source said deputy Prime Minister Chawalit asked the military leaders during the meeting to comment on his idea to use a single fund for the Air Force, Navy and Army.

Minister Urges Creation of Commercial Fleet

BK2508060595 Bangkok BANGKOK POST
in English 25 Aug 95 p 28

[FBIS Transcribed Text] Thailand needs its own commercial fleet, otherwise it will continue to lose more than 200 billion baht per year to foreign vessels, Deputy Prime Minister Chawalit Yongchaiyut said yesterday.

Gen. [General] Chawalit, who is also Defence Minister, said Thailand annually paid insurance and freight rates to foreign shippers totalling 200-300 billion baht, swelling the current account deficit. The time was ripe for the country to develop and promote its own commercial fleet to slash this deficit, he said claiming that national security would be jeopardised if the country relied heavily on foreign vessels to transport its cargo.

Privatisation of Thai Maritime Navigation [TMN] Co is seen as the best option to build the commercial fleet. Gen. Chawalit said he agreed with the ideas of former transport and communications minister Wichit Suraphongchai to privatise TMN through a joint venture with a foreign partner. At the same time, he supported his guidelines to deter the risk of foreign dominance of the Thai-owned fleet.

Mr. Wichit strongly opposed a proposed joint venture between TMN and Bara International Shipping Lines [BIS], claiming that BIS was 49 percent-owned by Singaporean shipping company Neptune Orient Lines [NOL]. Mr. Wichit feared that BIS would be dominated by NOL and raised doubts whether NOL would be sincere in developing Thailand's commercial fleet which might become a competitor with Singaporean interests.

However, BIS dismissed the 49 percent holding as a computer error and claimed the correct figure was 30 percent. This figure remains to be confirmed as 49 percent appeared in NOL's annual report to the Singapore Stock Exchange in recent years. BIS is one of the two shipping companies which bid for the joint venture. Although the previous cabinet endorsed its bid, the signing of a contract was delayed by debate over NOL's role and the credibility of BIS which owns no ships.

Deputy Transport and Communications Minister Chaiphak Siriwat said yesterday he would hold discussions with BIS on the joint-venture plan. He will tell BIS to ensure NOL's holding is reduced from 30 percent to 10-15 percent to solve the problem of foreign dominance and the chance of BIS being "a puppet" of NOL. He said the relinquished shares should be held by Thais. He said there was an alternative emerging. A leading Thai shipping company, which he declined to

name, had approached him with a TMN joint-venture proposal.

The company planned to hold 40-50 percent of the shares to gain full management control of TMN. "This would end fears the joint-venture company will fall under foreign influence," he said. But TMN managing director Anusak Intharaphuwasak said TMN needed a foreign company to help develop its fleet.

The foreign holding was just "business", he said. If people were serious about opposing foreign dominance, TMN would be in no position to develop a commercial fleet. BIS chairman Yotchin Uawattanasakun said he expected to meet Mr. Chaiphak next week to discuss proposed cut in NOL's shareholding.

Finance Minister, Envoys Discuss Economic Issues

*BK2508063795 Bangkok THE NATION in English
25 Aug 95 pp B1, B2*

[FBIS Transcribed Text] Foreign envoys yesterday left behind them a whole range of economic issues for Finance Minister Surakiat Sathianthai to resolve. Surakiat yesterday held separate meetings with ambassadors from Laos, the United States, India and the European Union. The topics discussed ranged from the double taxation treaty, to airport financing, the capital market and intellectual property rights.

The finance minister quoted the Laotian ambassador Bounkeut Sangsomsak as welcoming the efforts of the Thai government to help his country. Laos has asked for [baht] Bt50 billion of Thai financial support for the construction of an airport at Luan Prabang and for other basic services such as hospitals and schools. Surakiat said Thailand would be willing to help coordinate foreign assistance for Laos from Japan, the US and other international financial organizations. The two men also discussed the progress of the Thai-Lao Friendship Bridge under which the Thai finance minister asked for permission for Thai vehicles to enter Laos directly over the bridge.

The Laotian envoy will take up the matter with his prime minister during his visit back to Vientiane from Sept 1-3. Surakiat also briefed Bounkeut on the Indochina Fund. US Ambassador David Lambertson met with Surakiat to give a final farewell and expressed his hope that the 20-year negotiations on the double taxation treaty with Thailand would be resolved soon.

The American envoy also asked for cooperation in development of civil aviation between the two countries. Thai Airways International and United Airlines earlier signed a-cooperation pact along with Lufthansa, the German airline. Lambertson also asked for more efforts

from the Thai government to deal with violators of intellectual property rights. Surakiat also briefed the outgoing US ambassador on the Indochina Fund which the US government also has an interest in.

The EU ambassador G. Morgan asked for cooperation in organizing a joint financial seminar to forge closer relations between Thailand and the EU. The Indian ambassador C. Gupta also invited the Thai finance minister to visit India which would like to see more links with the Thai financial market. Two Thai investors have now received approval to operate banking services there.

Outgoing EU Ambassador Bids Premier Farewell

*BK2508132595 Bangkok Radio Thailand Network
in Thai 1200 GMT 25 Aug 95*

[FBIS Translated Text] EU Ambassador to Thailand John Morgan called on Prime Minister Banhan Sinlapacha at Government House today to bid farewell upon the completion of his assignment in Thailand. Their meeting could be summarized as follows:

The prime minister thanked the EU ambassador for the envoy's participation in offering congratulations upon his appointment as prime minister. He said Thailand shares identical views with the EU on the longstanding economic, trade, and investment relations between the two sides. These have grown in a favorable direction over the last two years in particular. He commended the ambassador for his part in promoting the good direction of economic cooperation and for contributing to the good relations among the governments and private sectors of both sides. The ambassador was also praised for his part in helping Thailand understand and be informed of various GATT regulations, thus facilitating future Thai investment in and exports to the EU. The prime minister thanked the EU for its interest in Thailand's AIDS prevention efforts.

The EU ambassador thanked the Thai Government, particularly the Prime Minister's Office, for its continued attention to AIDS and other issues such as the environment and pollution. The Thai Government has been open-minded on those issues, resulting in very good cooperation. The ambassador also expressed satisfaction with overall economic cooperation. He noted his consultation with the Thai finance minister on holding a high-level seminar in Bangkok next year on financial and banking services so that European bankers can be informed about Thailand and its investment. The ambassador asked the prime minister to support this seminar.

MP Says Suu Kyi Video Sent to Beijing

*BK2508101895 Bangkok THE NATION in English
25 Aug 95 pp A1,A3*

[FBIS Transcribed Text] A video of a speech by Aung San Suu Kyi, Burma's pro-democracy leader, has arrived in Beijing where it will be broadcast later this month to more than 40,000 participants in the International Forum on Women '95.

An attempt by Thai MP Suphattra Matsadit to videotape Suu Kyi's speech in person on Tuesday was thwarted when the Burmese Embassy in Bangkok did not issue an entry visa for her. Suphattra was earlier given a visa for a brief trip to Rangoon on Aug 7-8 to invite Suu Kyi to participate in the Beijing conference. Suu Kyi declined all invitations to travel abroad, but agreed to send a videotaped message to the conference.

The embassy has also delayed approving visa applications for the group of The Nation reporters and cameraman to accompany Suphattra to film Suu Kyi's message. Suphattra, convenor of the Aug 30-Sept 8 international gathering of private organizations for women, told a press conference yesterday that the videotape of Suu Kyi's speech arrived in Beijing yesterday. She declined to reveal how the 20-minute speech on women's role in politics was sent out of Burma.

Suu Kyi was asked to make the videotape herself because Suphattra is scheduled to go to Beijing soon and her Burmese visa is still pending, the Democrat MP added. She said she would not bother asking whether her Burmese visa would be granted because she decided not to go to Burma.

Suphattra tried to allay the Thai government's concerns that Suu Kyi's speech would adversely affect Thai-Burmese relations, saying her visa application was not submitted through the Thai Foreign Ministry. She added that she would attend the women's conference as a convenor and not as an elected parliamentarian. A government spokesman on Wednesday asked her to clarify the whole episode, she said.

Suu Kyi's speech, to be broadcast on Aug 31, would stress women's role in the fight for democracy and advocate women's participation in politics, according to Suphattra. A lack of or decrease in women's interest in politics would negate any moves towards desired social changes, she said. The Thai MP will leave today for Beijing.

Burmese Ambassador to Thailand U Tin Winn yesterday denied that the SLORC [State Law and Order Restoration Council] had refused to grant visas to reporters or singled out The Nation in particular. "No, no, no. This is an incorrect report by the newspapers.

We never denied visas for THE NATION or for any other reporters," said the envoy after a courtesy call on Foreign Minister Kasemsamoson Kasemsi. He said the embassy was still considering the visa applications of reporters who were to accompany Suphattra.

He also denied that his mission had not issued a visa to THE NATION reporter who would accompany Defence Minister Gen. [General] Chawalit Yongchaiyut on his visit to Burma on Sept 1-2, saying he was not included on the list of reporters from the Thai Ministry of Defence.

A senior Defence Ministry officer said the Burmese Embassy urged them to drop THE NATION reporter from the entourage. Another reporter from KRUNGTHEP THURAKIT, THE NATION's Thai-language sister paper, was also dropped from the list. Both reporters were never even given visa application forms. "The list from the Ministry of Defence does not include THE NATION," said Tin Winn. "We haven't singled out any newspapers. The previous visit (to Burma) by the Thai Foreign Minister included correspondents from THE NATION," he added.

Burmese SLORC Leader Invited To Visit

*BK2508054095 Bangkok BANGKOK POST
in English 25 Aug 95 p 1*

[FBIS Transcribed Text] Thailand will reissue its invitation to powerful Burmese military officer Lt-Gen [Lieutenant General] Khin Nyunt to pay a visit before the Association of Southeast Asian Nations summit in December, Foreign Minister Kasemsamoson Kasemsi announced yesterday.

M.R. Kasemsamoson made the announcement after a courtesy call from Burmese ambassador to Thailand Tin Winn, who said that Lt-Gen Khin Nyunt, first secretary of the ruling State Law and Order Restoration Council (SLORC), would visit Thailand as a guest of Deputy Prime Minister Sombun Rahong before the ASEAN summit in Bangkok on December 14-15.

Lt-Gen Khin Nyunt is the chief of Burmese intelligence and one of the most powerful generals in Burma. His invitation is certain to stir up controversy in Thailand given SLORC's poor human rights record. Thailand will invite government leaders from Burma, Cambodia and Laos to join the meeting of ASEAN leaders as guests of the grouping.

Lt-Gen Khin Nyunt is the chief of the Directorate of Defence Service Intelligence, the most powerful unit in the Burmese military, and plays a key role in checking dissent within his country. However, he was also instrumental in talks between the military regime

and Burmese opposition leader Aung San Suu Kyi, leading to her release on July 10 after nearly six years of house arrest.

M.R. Kasemsamoson said Mr. Sombun had agreed to be the Burmese officer's host but added that the proposed plan still needed the green light from Prime Minister Banhan Sinlapa-acha. He said he discussed the issue with the House Committee on Foreign Affairs yesterday. The Burmese envoy raised the question of invitation during his first call on the minister since the latter took office in July, according to M.R. Kasemsamoson.

Lt-Gen Khin Nyunt had agreed in principle last January to visit Thailand as a guest of the then Deputy Prime Minister Chamlong Simuang, but the plan was shelved due to border tension between the two countries.

The then Foreign Minister Thaksin Chinnawat had presented Chamlong's invitation letter to the influential SLORC leader during his visit to Burma later that month.

M.R. Kasemsamoson supported the idea of Prime Minister Banhan visiting Rangoon to hold talks with Burmese government leaders, saying it would strengthen ties between the two countries which still had some problems.

A visit by the Prime Minister this year would be appropriate as Thailand will invite Burma to attend the ASEAN summit and use the opportunity to improve relations, the minister added.

M.R. Kasemsamoson said he was ready to visit Burma but added the schedule has yet to be set.

Thailand hopes to improve its soured relations with Burma which have been deteriorating since early this year due to attacks along the common border. Relations worsened even further after Burmese fisherman were killed on a Thai fishing vessel this month.

Attempts to improve ties with the Burmese military regime will begin with a two-day visit to Rangoon by Deputy Prime Minister and Defence Minister Chawalit Yongchaiyut beginning next Friday.

The murder of the Burmese crewmen and Burma's rejection of a visa application by Suphattra Matsadit, a Democrat MP from Nakhon Si Thammarat, were also discussed during the visit.

After the visit, Mr. Tin Winn expressed confidence in the Thai government's handling of the investigation into the matter, which could be resolved peacefully.

M.R. Kasemsamoson assured that the Government would do its best regarding the investigation into the murder of the Burmese crewmen and attempt to prevent

such incidents from taking place in the future. "We will not let such things happen again," he assured.

M.R. Kasemsamoson said that Burma is considering allowing Khunying Suphattra to enter the country to meet Mrs. Suu Kyi. "Burma is considering the process," he quoted the envoy as saying. Mr. Tin Winn clarified to the minister that his embassy delayed Khunying Suphattra's visa because she had applied for a tourist visit. The minister explained to the envoy that her mission had nothing to do with the Government or the Parliament and that Khunying Suphattra would be going in her capacity as the chairperson of the Forum on Women, a non-governmental organisation.

Khunying Suphattra was planning to meet Mrs. Suu Kyi to video tape her speech which will be broadcast during the women's conference staged by NGOs from August 30-September 8 in Beijing. Mrs. Suphattra, however, said yesterday that Mrs. Suu Kyi has already sent a video tape of her speech to the Women's Forum to Beijing.

Editorial Urges Greater Openness in Burma

BK2408154595 Bangkok KRUNGTHAP THURAKIT in Thai 24 Aug 95 p 2

[Editorial: "Time To Open Up Burmese Society"]

[FBIS Translated Text] Several incidents have triggered Burmese resentment toward Thailand. These include the presence of tens of thousands of Karen refugees on Thai soil, the invitation extended by Thammasat University to Burmese opposition leader Aung San Suu Kyi to come to Thailand to receive an honorary degree, and the murder of a group of Burmese sailors by Thai fishermen on the sea. The bitterness on the Burmese side can be eliminated, however, through diplomatic means.

Despite the severity of these unfavorable incidents, which could really cause Burma to lose its temper, it must practice restraint. It is necessary for Burma to maintain good relations with neighboring countries like Thailand because we have been fairly helpful in bringing it out into the international arena to achieve prosperity. For this reason, we hope that the visit to Burma early next month by Defense Minister General Chawalit Yongchaiyut will help alleviate the tense situation and create better understanding between the two countries. In the long run, this will benefit not only Thailand but Burma as well.

We regard it as unfortunate that the Burmese Government has refused to grant entry visas to some Thai reporters who are scheduled to accompany the defense minister during the visit and has treated them as enemies. The rejection of the visa applications of those

reporters indicates that the Burmese Government has divided its relations with Thailand into two levels. The first is government-to-government relations and the other is relations with the Thai private sector. The division is aimed at obstructing the promotion of humanitarian and sympathetic relations between Burmese and foreign private groups that the Burmese military junta deems detrimental to its political stability. This is a narrow-minded perception by the Burmese military regime.

The Burmese Embassy in Thailand has refused to give visas to the reporters or to MP Suphattra Matsadit, who wanted to go to Burma for a meeting with Aung San Suu Kyi. In other words, the Burmese Government is trying to block any attempt to develop relations at the private sector level. This is tantamount to denying basic human rights and violating the UN Charter.

The Burmese dictatorial military regime has written another bad chapter with this act of selfishness. The Burmese people are not allowed to make contact with people outside the country. As a matter of fact, they are barred from political freedom and risk being imprisoned. As a result, they will never have a chance to enjoy prosperity like people in other countries. We hereby protest this oppression of humanity, for we believe that the Thai journalists and MP would in no way bring any harm to Burmese society.

In our capacity as a small segment of the world's mass media, we appeal to the Burmese military government to revise its political monopoly by opening the door wider for the Burmese people to contact the outside world. The long-practiced closed door policy has turned Burma into an obsolete and backward society. The time is ripe for Burma to open up its society. Attempts to do the opposite will only create destructive pressures that could lead to utter devastation. The Burmese military government should be well aware of such a possibility.

Commerce 'Source' Views Plans for AFTA

BK2408041095 Bangkok THE NATION in English
24 Aug 95 pp A1, A3

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Asean Economic Foreign Ministers are expected to discuss whether to adopt a "flexible consensus" as their new cardinal decision-making method, an informed source at the Commerce Ministry said. According to the source, the flexible consensus would allow the grouping to proceed without the agreement of every member, thus speeding up the formation of Asean Free Trade Areas (Afta) and the expansion of the economic cooperation project.

At the Fifth Summit of Asean leaders, to be held in Thailand in December, the grouping is expected to adopt a package of restructuring plans, including determining a decision-making method which is more suitable for the region's rapid political and economic development and the grouping's expansion.

The flexible consensus has already been applied to political decision-making of the Association of Southeast Asian Nations, which comprises Thailand, Malaysia, Singapore, Brunei, the Philippines, Indonesia and Vietnam.

Singapore was recently dismayed by Malaysia's objection to the inclusion of Australia and New Zealand in the informal Asia Europe Meeting (AEM), and reiterated that Asean should adopt various, more flexible approaches.

During last month's Asean Foreign Ministers' Meeting in Brunei, Singaporean Foreign Minister S. Jayakumar suggested the grouping adopt a flexible consensus in order to remain a strong force while coping with its expansion and changes.

According to the source, all Asean senior economic officials agreed to change this important principle and would forward it to the Asean Economic Ministers' Meeting in Brunei at the beginning of next month. "The changing of Asean's decision-making mechanism is to increase Asean's ability to compete with other economic groups such as the European Community and North American Free Trade Area which are moving faster than Asean," the source said.

It would also allow the regional grouping to accommodate new members whose level of development still lag behind that of present members.

The addition of Vietnam to Afta ahead of schedule has already set a precedent for the adoption of a flexible consensus. However, Asean officials list four choices for the AEM to choose: consensus, flexible consensus, majority and qualified majority. "The best term agreed upon by Asean officials is flexible consensus, and Thailand's International Economic Policy Committee has gone along," the same source said.

So far it is very clear that the consensus principle has hindered the cementing of economic cooperation both in Afta and other projects, such as the brand-to-brand auto part exchange project, the source said.

Although Singapore does not participate in the auto part exchange, which offers a 50 per cent tax reduction, Asean requires all members to reach a consensus whenever any participant wishes to leave the project or make a change.

If Asean adopted a flexible consensus, economic cooperation would move more quickly because deeper tax cuts or new projects could be launched easily, said the source. "We could then take an aggressive step in the world market.

"Asean members who are comfortable with new initiatives could move ahead while those who still need more time to adjust could do so," the source said.

Meanwhile, Deputy Commerce Minister Phairot Suwanachawi, who will attend the AEM, said Thailand would lobby for the inclusion of rice into the Common Effective Preferential Tariffs-AFTA tax reduction scheme. "So far we have had a good response from other members," he added.

In a related development, Phairot said that Thailand would propose at the Asean summit in December that the introduction of Afta be brought forward to the year 2000 from 2003, and that import tariffs for non-Asean countries be brought into line with existing Asean tariffs.

Official Reports Fiscal Surplus for 1995

BK2508094595 Bangkok Radio Thailand Network in English 0000 GMT 25 Aug 95

[FBIS Transcribed Text] Thailand's fiscal position is very stable and is expected to remain in surplus for the 8th consecutive year by the end of 1995.

Director general of the Fiscal Policy Office, Somchai Ruchuphan says the government revenue collected from October 1994 to July 1995 was high because of continuous growth in trade and production. The government net revenue during the period rose by 20 percent, while disbursement of government expenditure increased by 10 percent. It is expected that throughout the 1995 fiscal year the government revenue will amount to 604,000 million baht, while the expenditure will reach 527,000 million baht. As a result, the fiscal position will register a surplus of more than 70,000 million baht. The government's cash balance at the end of the end of this year is expected to be 60,000 million baht, and the state coffer will stand at almost 298,000 million baht.

Khun Sa's Production Base Moved to Lao Border

BK2408074595 Bangkok NAEON in Thai 24 Aug 95 p 12

[FBIS Translated Text] Citing a senior official of the Office of Narcotics Control Board based in Chiang Rai Province, a report filed from that province says Khun Sa has moved his heroin production base to a Lao border area. The reason for the move is earnest suppression by Thai authorities, which resulted in the arrest of 10 of

Khun Sa's associates in late 1994. The report also says the central drug transport routes have moved to Koh Kong and Phnom Penh.

According to the report, Khun Sa regards Koh Kong in Cambodia as the "new haven" for drug trafficking in Indochina because it is a transit point for contraband and chemicals used for drug production, including amphetamine, which is now widespread in Thailand. The source says: "Koh Kong has the most lax inspection system. Drugs are transported from Koh Kong by cargo ships around the peninsula in Vietnam through the Gulf of Tonkin to mid-sea islands before entering Hong Kong or Taiwan and eventually Europe or the United States."

Denial of Phone Contract Draws Strong Protest

BK2408083495 Bangkok BUSINESS DAY in English 24 Aug 95 p 1

[FBIS Transcribed Text] The Cabinet's decision this week not to award contracts to TelecomAsia (TA) and Thai Telephone and Telecommunication (TT and T) to install 1.1 million telephone lines nationwide has prompted strong criticism from the Minister of Transport and Communications and his deputy, as well as from other key individuals involved in the matter.

The comments were made partly in reaction to the statement by Deputy Minister of Finance Newin Chitchop who said the installation of the phone lines should be delayed because the 20 billion baht expenditure would be inflationary.

Mr Wanmuhamatno Matha, minister of transportation and communications, stated that it would be impractical to use potential inflationary effects as a criterion for assessing the project. All projects involve expending funds, the minister said. "If we consider inflation in every case, no project would ever get off the ground," the minister added.

Mr Wanmuhamatno further stated that no other companies should be allowed to bid on the project in addition to TA and TT and T because the protection rights agreement was valid until 1997 for TA and 1998 for TT and T. "If other companies were to participate, there would be a delay until after the protection rights agreement periods have expired," the minister said.

Deputy Communications Minister Sombat Uthaisang said he would invite the Bank of Thailand Governor Wichit Suphinit to comment on the inflation scare. He noted that the project has been thoroughly studied and followed all legal procedures.

Mr Sombat, a former deputy permanent secretary for communications, believed the project's setback would

affect Thailand's chances of achieving a teledensity of 10 percent, meaning 10 telephones for every 100 people, by the end of Eighth Plan [Eight National Economic and Social Development Plan].

Mr Wanmuhamatno and Mr Sombat are members of the New Aspiration Party, which is believed to have received financial support from the Charoen Phokkhaphan Group, TA's parent company.

Mr Newin, who argued against the awarding of the project, has been accused of receiving big campaign contributions from Deputy Prime Minister Thaksin Chinnawat. The charge was flatly denied by both men.

Dr Thaksin's Chinnawat Group has lobbied to have the 1.1 million telephone lines merged with the 6 million lines project under the Eighth Plan and be put out for tender.

A source associated with the committee established to evaluate the 1.1 million telephone lines said that the inflation issue raised by Mr Newin was totally irrelevant. "Mr Newin should explain the economic theory and principles behind his assertion that the project will cause inflation. Moreover, if Mr Newin is in fact dissatisfied with the revenue sharing proposed by TA and TT and T, he should say clearly how much revenue sharing he deems appropriate," the source said.

A source at the Telephone Organization of Thailand (TOT) said: "Infrastructure building is not inflationary. On the contrary, a better communication system will benefit the economy, improve productivity and enhance economic growth and development."

In regard to Industry Minister Chaiwat Sinsuwong's statement this week that the Attorney-General's Office should issue its opinion on the project first, the source agreed that the statement had some validity.

However this matter was not in itself sufficient cause to delay the project because the terms and conditions were reviewed in detail by the former government, the TOT source said. "He should explain in detail how he arrived at the conclusion that putting up phone lines to improve communication is inflationary," the source said.

In response to Mr Newin's concern the percentages offered by TA and TT and T were too low, the TOT source said: "If Mr Newin is dissatisfied with the revenue sharing proposed by TT and T and TA, he should specify an amount so that we may try to negotiate to his satisfaction."

Proposal Seeks To 'Shore Up' Public Confidence
BK2208070495 Bangkok THE NATION in English
22 Aug 95 pp B1, B2

[FBIS Transcribed Text] The economic ministers yesterday adopted an 18-point proposal from Deputy Premier Amnuai Wirawan to shore up public confidence, which has plunged since they took office about a month ago. The economic ministers yesterday held their first separate meeting, chaired by the prime minister, at a time when the lack of public confidence has become an issue for the administration.

Intended to render more creditability to the weak Cabinet, the Amnuai bid spelt out 18 broad measures for ministries to implement, but no details were available. They were as follows:

- Arrange a special programme to highlight Thailand's economy in the international arena by promoting trade, investment, and tourism to commemorate the 50th anniversary of His Majesty the King's ascension to the throne.

- Project a strong image for Thailand at the Osaka Apec summit this November and the Bangkok Asean-EU summit in March, 1996.

- Take a leadership role at the Asean summit on Dec 14-15, the Asean Economic Ministers meeting, and the Afta meeting.

- Speed up cross-border cooperation plans with other countries in the Mekong Basin as well as Malaysia and Indonesia.

- Increase the country's profile in the World Trade Organization, especially on agricultural issues.

- Arrange double tax avoidance treaties with major trading partners, especially the US.

- Liberalize the international aviation industry to get maximum benefits from the tourism sector.

- Amend laws on alien businesses in line with the economic liberalization policy.

- Overhaul the immigration system for foreign investment, such as issuing multiple-entry visas to avoid the inconvenience of renewing visas every three months.

- Promote the food industry, especially from livestock, to help reduce inflation.

- Abolish import bans, except for security and safety reasons, to help reduce inflation.

- Promote the establishment of industrial estates.

- Use fiscal measures, such as increasing the research and development corporate expense allowance from 1.5 to 2 times.

- Increase the role of the Joint Public/Private Consultative Committee.

- Overhaul customs tariffs assessments.

— Institutionalize a unified body to negotiate on international trade issues.

Amnuai, leader of the Nam Thai Party, one of the seven coalition partners, oversees the Foreign and Commerce Ministries, but only the foreign minister comes from his party. Commerce Minister Chuchip Hansawat is a member of the prime minister's Chat Thai Party.

Meanwhile, the Finance Ministry, Bank of Thailand, and the National Economic and Social Development Board would hold a joint press conference tomorrow to create a clearer picture of the macroeconomic situation for Thai and foreign investors.

The central bank has also urged the government to maintain fiscal discipline by formulating balanced or surplus expenditure budgets. In the case of having to increase public spending to meet infrastructure demands, the government should consider increasing its revenue target by expanding tax collection based on consumption.

To solve the current account deficit, the central bank has suggested that more savings incentives should be offered, such as for house purchases, education or post retirement.

On infrastructure shortages, it said the public utilities sector should be further liberalized to increase the number of players and competition.

Vietnam

Murayama's World War II Apology 'Welcomed'

*BK2408132495 Hanoi Voice of Vietnam in English
1000 GMT 21 Aug 95*

[FBIS Transcribed Text] Japanese Prime Minister Tomichi Murayama has made a public apology for Japanese criminal acts during World War II. His apology was made on the 50th anniversary of Japan's surrender to the Allies. The Japanese leader expressed his hope that such errors will not be repeated in future. Expressing his deep regret and sincere apology, the Japanese ambassador to Britain affirmed that the apology of Mr. Murayama was approved by the Japanese Government and it was an official stance of the Japanese Government. Here is our comment:

This is the most ever clear and prompt statement made by a Japanese leader over the past 50 years on the action of the Japanese military in World War II. The apology was warmly welcomed and highly appreciated by the world public. However, several governments such as Taiwan and the Philippines and a number of victims of Japan's aggressive war wanted Japan to

take practical steps to ease subsequent sufferings from Japanese activities during the war in their country.

A spokesperson for the Vietnamese Foreign Ministry last weekend welcomed the apology of the Japanese prime minister. The spokesperson said this was a new effort by the Japanese Government to close the past towards tragedy and open up a new chapter of cooperation and development with other countries in the region.

In 1945 in Vietnam, a tragic situation occurred because of the Japanese occupation. Vietnam holds that the development benefiting Vietnamese and Japanese cooperative relations requires attention to the reality of history. This [word indistinct] through the aspiration of the peoples of both countries.

The sincere apology of Prime Minister Murayama has met the aspirations of Japanese people. However, there are still persons and forces attempting to deny history and opposed to such a policy. So far, historical textbooks on Japan do not reflect objectively on Japanese aggression and domination of Asian countries in World War II, even though many want to amend those books. It reflects that the criminal acts of the Japanese Army during the war have not yet been settled. It will take Japan some time yet to come to terms with what the Army did to the people of Asia.

King Sihanouk Stresses Bilateral Friendship

*BK2408140095 Hanoi Voice of Vietnam in English
1000 GMT 23 Aug 95*

[Radio commentary]

[FBIS Transcribed Text] Vietnam was promoting relations with all countries in the region [words indistinct] in its tradition of friendly and cooperative ties with neighboring countries, particularly Cambodia. Positive developments have been seen in bilateral relations with Cambodia despite some unresolved issues. This reality was carried in King Sihanouk's recent words on Cambodia-Vietnam relations.

King Sihanouk is one of the experienced Cambodian leaders who had profound memories of the Vietnamese people during the years of struggle to defend the independence of both countries. Now after living ups and downs, he still reserved profound sentiments for Vietnam. At the reception given to Vietnamese President Le Duc Anh during his official friendship visit to Cambodia earlier this month, he affirmed that Vietnam was Cambodia's friendly and neighboring country with which Cambodia will live next to forever. King Sihanouk laid stress on the importance of bilateral long-term friendship and maintained that it was an essential

factor for regional stability, peace, and prosperity. He expressed the wish to organize regular bilateral summit meetings to broaden cooperation for mutual benefit in many fields and to strengthen efforts to solve pending issues between the two countries. King Sihanouk applauded Vietnam's joining ASEAN and the normalization of relations between Vietnam and the United States. He said that Cambodia greatly admired the achievements recorded by Vietnam in its renovation process and considered Vietnam a good example for his country. He also expressed the Cambodian government and people's sincere gratitude for the Vietnamese Government and people who positively supported Cambodia's cause of peace and national concord. King Sihanouk said the Cambodia-Vietnam Friendship Monument should be preserved forever.

King Sihanouk and Vietnamese President Le Duc Anh's determination for friendship [words indistinct] during the visit and ministers of Vietnam and Cambodia have agreed on the agenda for the first meeting of the Cambodia-Vietnam Joint Committee for Economic and Scientific-Technical Cooperation to be held in Hanoi soon. Vietnamese and Cambodian ministers and senior officials of education and training, agriculture, culture, and information and trade have met to promote bilateral relations. King Sihanouk pleasantly accepted the invitation to visit Vietnam at the end of this year.

Cambodian Delegation Arrives on Friendship Visit

BK2408145095 Hanoi VNA in English
1409 GMT 24 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 24 — A delegation of the Commission for International Cooperation and Information of the Cambodian National Assembly led by its head Om Rasadi arrived here today for a friendship visit to Vietnam.

This afternoon, the delegation held talks with a delegation of the Commission for External Relations of the Vietnamese National Assembly headed by Hoang Bich Son.

During the talks, Mr. Hoang Bich Son welcomed the Cambodian delegation's visit as a vivid manifestation aimed at contributing to the promotion of the neighbourly relationship between the people and national assembly of Vietnam and Cambodia.

Mr. Om Rasadi expressed his pleasure at the achievements recorded by the Vietnamese people in their renovation process as well as in the national construction.

The two sides held that Vietnam's admission to ASEAN as a full member and Cambodia's becoming ASEAN observer have an important significance, and create

favourable conditions for the two commissions to enhance their exchanges and coordination in their activities, thus contributing to the maintenance of peace, stability, cooperation and development in the region.

They also exchanged experiences in their works especially in external relations.

Vo Van Kiet Chairs Regular Government Meeting

BK2408144595 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 24 Aug 95

[FBIS Translated Text] On 23-24 August, the government held a regular meeting in Hanoi under the chairmanship of Prime Minister Vo Van Kiet. The cabinet members heard reports on the administrative reforms in the last seven months, the measures to accelerate these reforms until the end of this year, the results after 20 days in the implementation of Government Decree No. 36, issues relating to the draft bill on amendment of tax laws, the planning on legislative work, and so forth.

The Government praised all sectors, echelons, local authorities, and social organizations for their close coordination and prompt action in carrying out decree No. 36. The government also clearly said the decree must be continued in breadth and depth. The cabinet members unanimously agreed that from now until the end of this year, they must continue to expand and accelerate the administrative reforms. Prime Minister Phan Van Khai recapped the views of cabinet members and outlined the necessary tasks in the next four months of this year in order to achieve the planned economic development targets. They are to practice thrift, to fight waste of public funds, smuggling, and all other negative action, and to prepare to draft plans for 1996.

Concluding the meeting, Prime Minister Vo Van Kiet demanded that all ministries and sectors clearly define and strengthen state management, reexamine all regulations, and quickly supplement and amend necessary points in all legal documents to meet the new national situation and create favorable conditions to manage national affairs.

Diplomatic Service Marks 50th Anniversary

Phan Van Khai Attends Seminar

BK2408063595 Hanoi VNA in English
0620 GMT 24 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 24 — A seminar on the 50-year operation of the diplomatic service under the leadership of the Communist Party of Vietnam [CPV] was held here on Tuesday in the presence of Deputy Prime Minister [PM] Phan Van

Khai on the 50th anniversary of the diplomatic service (August 28).

Addressing the event, Deputy PM Khai honoured the Foreign Ministry's contributions, under the CPV's leadership, to the two resistance wars for national liberation as well as to the national construction and defence. He also stressed the ministry's task of training young diplomats who, he said, would be ready to serve the Vietnamese people's revolutionary cause.

The participants also heard reports, delivered by diplomatic ministerial leaders and representatives of the institutions on the Vietnamese nation's tradition in diplomatic struggles in each revolutionary period since 1945.

Foreign Minister Nguyen Manh Cam took this opportunity to outline experience drawn from past diplomatic struggles, including the foreign policies toward neighbouring countries and world powers. These are considered as a scientific basis for planning Vietnam's policies in the future.

Foreign Minister Comments

*BK2508081895 Hanoi VNA in English
0722 GMT 25 Aug 95*

[FBIS Transcribed Text] Hanoi VNA Aug 25—Vietnamese Foreign Minister Nguyen Manh Cam has asserted that the diplomatic service has over the past 50 years made significant contributions to Vietnam's revolution.

"Together with the success in the renovation process, the achievements of the diplomatic service and the foreign relations as a whole have raised Vietnam's international prestige, placing it in the rank of advanced countries in the world," Mr Cam said in an exclusive article in the national daily NHAN DAN in connection with the celebration of the 50th anniversary of the Foreign Affairs Ministry.

Foreign Minister Cam, who is also a Politburo member of the Communist Party of Vietnam, added that these achievements were attributed to the clear-sighted guidance of the party and the thoughts of President Ho Chi Minh. Cam stressed, "upholding the spirit of independence and self-reliance was a decisive factor for success on the diplomatic front."

Recalling the diplomatic activities of the past, Cam said that the diplomatic service was born on August 28, 1945, the same day of the formation of the provisional government with President Ho Chi Minh as foreign minister. In the 1945-46 period in which the just-founded people's administration was facing untold challenges by foreign intervention and consequences of starvation in 1945, diplomacy played a decisive role in safeguarding

Vietnam's sovereignty and independence as well as the young government itself.

During the 30 years of resistance wars against foreign invasions, the foreign affairs service stepped up efforts to break up diplomatic isolation campaigns launched by the hostile forces and to win support and assistance worldwide for the Vietnamese people's just struggles. Synchronous coordination was made between the diplomatic and military fronts during the Geneva and Paris talks, respectively, in 1954 and 1973. The two talks ended with the signing of the Geneva accords leading to the end of French interference in Indochina and the Paris Agreement that provided for the total withdrawal of US troops from Vietnam in 1973, thus helping the Vietnamese people to gain complete victory in 1975.

Regarding the diplomatic achievements in the present stage, Foreign Minister Cam said "it is the first time in its history Vietnam has established relations with almost all countries around the world, particularly with all the world powers and the most important political and economic centres in the world. Vietnam has set up close friendship and effective cooperation with regional and neighbouring countries and broadened ties with many international and regional organisations and agencies in financial, monetary, economic and trade sectors as well as agencies of the United Nations."

The foreign minister stressed, "to bring into full play the national tradition of humanitarianism and the spirit of peace loving, Vietnam will continue pursuing a policy of peace and friendship with all nations in the world. This has become a pillar of Vietnam's contemporary diplomacy."

"From such perception, Vietnam has put the past behind and looked forward to the future, and normalized its relations with its old enemies for the benefit of both sides as well as for common development," Cam said, adding "during the past 50 years, Vietnam has always upheld a banner of peace to strive for solidarity and friendship among nations."

With regard to the direction of Vietnam's diplomacy in the near future, Cam said "while promoting the open-door policy to befriend all countries, Vietnam should make full use of opportunities quickly integrate itself into the region and the world at large."

"To this end," Cam said, "it is important to have close combination between political and economic external relations to establish closer ties among neighbouring and regional states, and harmony in relations with world powers and major political and economic centres."

Tien Giang Issues Guidance on Party Congresses

*BK2408070795 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 18 Aug 95*

[FBIS Translated Text] Implementing the party Central Committee's third plenum resolution on renovating and revamping the party, the Tien Giang provincial party committee has formulated plans and urgently provided guidance to various party organizations in anticipation of the upcoming party organization congresses at higher levels.

Various party sub-committees for party organization congresses have completed their draft reports. They also made second nomination of persons to the executive committees of provincial and city party organizations for the 1996-2000 term.

To date, 224 or 38 percent of basic party organizations in the province have held congresses. They elected more than 1,500 executive committee members for the 1995-97 term and nominated 900 delegates to attend party organization congresses of the higher levels.

AGTD Admits 1,181 New Party Members

*BK2408050095 Hanoi Voice of Vietnam Network
in Vietnamese 2330 GMT 17 Aug 95*

[FBIS Translated Text] The Army General Technical Department [AGTD] recently held a conference to review the implementation of the party Central Committee's third plenum resolution on renovating and revamping the party. During the past period, the party organization of the AGTD has recorded notable achievements in the party building task, thereby strengthening the capability and militancy of various party chapters.

In the 1992-94 three-year period, the number of firm and strong party organizations increased by 6.8 percent, the number of grade-one memberships increased by 7.7 percent, downgraded memberships decreased from 2 percent in 1992 to 0.82 percent in 1994, and memberships subjected to disciplinary action decreased by 42 percent.

As of June 1995, the AGTD party organization had admitted 1,181 new party members.

Asia Development Bank Approves \$66 Million Loan

*BK2408090895 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 18 Aug 95*

[FBIS Translated Text] The Asia Development Bank has approved a \$66-million loan for a water supply and hygienic project in Vietnam. The bank said that the project will provide clean drinking water to one million people in Long Xuyen, Nha Trang, Phan Thiet, Pleiku, Thai Nguyen, Thanh Hoa, and Sam Son where the water supply and hygienic bases are in short supply.

This interest-free loan will be repaid over 40 years with a one percent service charge for the last 10 years. The project will be completed in June 2000.

Journal Views 'Danger of Lagging in Economics'

*BK2308151195 Hanoi TAP CHI CONG SAN
in Vietnamese Aug 95 pp 32-34*

[Article by Nguyen Van Phong: "The Danger of Lagging in Economics: Problems and Proposals"]

[FBIS Translated Text] The mid-term National Party Congress has stressed four dangers (challenges) in developing the nation in its new situation. One of these is the "danger of lagging in economics as compared with other countries in the region and the world." What is our concept regarding this danger, and what are the measures designed to overcome it?

It is essential to say that our economy has just emerged from a recession. We set out toward industrialization from a very weak position, or, in other words, from a small-scale and backward agricultural production economy. Moreover, the country was severely damaged by 30 years of war, and had an ineffective centralized subsidization economic system that dragged on into the post-war period. Worse still were the unprecedented political upheavals in various nations in the world, especially the collapse of socialism in the former Soviet Union and in East European countries that greatly and adversely affected our economic situation. All these subjective and objective factors brought about a serious recession in our socioeconomic domain beginning in mid-1980. Inflation at a certain period (such as the 1986-88 period) reached an unprecedented 400-700 percent annually. The number of families experiencing hunger and poverty (in 1989) reached 55 percent. However, the situation has changed during the past three to four years. The gross domestic product (GDP) has consistently increased: In 1991 it increased by 6 percent; in 1992, by 8.6 percent; and in 1994, by 8.5 percent, despite flash floods and bad weather in many localities. Inflation was considerably reduced to more or less 10 percent annually. Almost 2.3 million metric tons of rice were exported. People's daily life improved. The number of poor families notably went down to 22 percent (in 1993). Summing up, it can be said that our socioeconomic situation is developing in a positive direction. With our new mechanism, policies, and infrastructure projects as well as our experiences in the management of production and business in various economic sectors, it is likely that we can steadily maintain our current economic growth.

The abovementioned achievements assert our party's renovative policy as totally correct. Along with our

initial economic achievement, the political situation has stabilized, and the people's confidence in our regime has increasingly become enhanced.

However, we may say that the danger of lagging in economics may be prolonged. Although our country has overcome the economic recession and has recorded fundamental achievements, we should not forget that we started from a very weak position and that our economic growth was not built on a really firm foundation. As a result, we cannot say that our country has completely overcome the danger of lagging behind economically compared to other countries in the region. One foreign statesman, in a recent visit to Vietnam, politely warned us that Vietnam is developing very quickly, however it should not think that its neighboring countries are slow in this regard. Therefore, the danger of lagging behind economically still exists. This is because our recent economic growth was fundamentally based on the renovation of the economic mechanism and not on the appropriate economic structure and the developed scientific-technological base.

It should be realized that our agricultural production is still conservative, our tools still backward, our productivity still low, and our crop patterns and stock raising methods have not changed much. More than 70 percent of our workforce earned its living through agriculture, producing only 30 percent of our GDP.

Concerning industry, our machinery, equipment, and production chains are still backward and not uniform. Most of them were imported since 1950 chiefly from the former Soviet Union. As a result, although we used more manpower, energy, and raw materials, the quality of our products do not meet consumer standards and could not compete with imports. At present, more than 50 percent of the existing 6,613 state-run enterprises operate in these conditions. The ratio between fixed capital and liquid assets is 1/98; revenue and tax collection accounted for 85-87 percent of the turnover, while profits derived from investment capital are as low as 158 dong for every 1,000 dong invested annually.

Regarding foreign economic relations, it can be said that we have not truly realized the acute competition in the world markets. Moreover, due to the existing phenomena of dispersion, localism, and loose organization of domestic enterprises, the attitude of "importing expensive merchandise and exporting cheaper goods" is still prevalent. What is worse is that many kinds of goods have been exported or imported through many middlemen. In various joint ventures with foreign companies, the proportion of our capital [investment] has only been more or less 30 percent of the total investment, and it has been mostly in the form of leasing land, houses,

and factories. Many projects had been granted to foreign companies with very low capital bases due to the disorganized bidding system designed merely to create more jobs for our workers rather than make profit. Moreover, foreign transportation services accounted for only 10 percent while smuggling and tax evasion are still serious.

It is necessary to say that our state-run enterprises have not played the key role in domestic trade. Renovation of the collective economy has been carried out slowly, the budget deficit is still high, and the utilization of the state budget low, while arbitrariness, waste, and public property abuse are still prevalent. More than 2 million workers are jobless, the ratio of unskilled to skilled workers is high, while the number of school dropouts has not fallen. Social vices are on the increase. Corruption is still prevalent and no effective measures against it have been formulated. The cadres and people have not totally freed themselves from the old subsidy system, and thus they adopt a waiting, dependent, and inactive attitude while belittling laws and regulations. Some people take up some kinds of trade hastily and engage in cheating. Our state apparatuses are still cumbersome and ineffective, our legal system incomplete and not uniform, while law enforcement work has not been seriously carried out.

Efforts to overcome the danger of lagging in economics: With the above realities, if we want to make our people prosperous, our nation powerful, our society equitable and civilized, and our political system stable, we must increase our production. To achieve this goal, I suggest the following:

First, efforts must be made to urgently reform our financial and monetary system.

With the current poor financial, centralized subsidy management system, it is unlikely that we can escape the phenomena of bureaucratism and under-the-counter dealings that lead to embezzlement and corruption. As a result, we must apply urgently the open financial management system for both income and spending in accordance with the principle of allowing the people to contribute, to know, to discuss, to control, and to enjoy interest payments.

On the monetary system, we must not only strive to ensure the value of our currency but also macro-manage our money more efficiently. The bank should be considered a strong enterprise for installing high-technology and for mobilizing capital for production and national reconstruction. It is time now to modernize our banking system, issue personal checkbooks, and install automatic teller machines so as to mobilize people's capital.

Second, we must review our development plans on the basis of satisfactorily exploiting the various zones of our territory. With more than 320,000 square km of heartland and almost 1 million square km of coasts and islands a part of our national sovereignty and exclusive economic zone, we have favorable conditions for development. In formulating our development plans, we must focus on these unique characteristics and pay attention to exploiting the sea and building a new economic system. In the near future, our nation must have firm and strong continental and maritime economies.

Third, let us bring into full play the aggregate strength of all economic sectors by applying a policy of equal treatment toward all economic sectors, especially toward the state and private economic sectors. This policy of equal treatment not only creates favorable conditions for the state and private economic sectors to develop their strengths but also helps eliminate factors that weaken state business establishments as the latter tend to rely on state subsidies.

Fourth, it is necessary to take advantage of every favorable condition to promote external economic relations and expand economic cooperation, not only with Indochinese states and ASEAN member countries but also with France, Germany, Japan, the United States, China.... The objectives of our anti-foreign aggression struggle were not only to wrest back independence and sovereignty but also to have the right to cooperate with all countries on the basis of equality and mutual benefit. Broad cooperation with all countries serves as a firm basis for guaranteeing political stability and increasingly high economic growth rate.

Fifth, prompt measures must be taken to improve both the contents and methods of training new Vietnamese citizens who are good at both theory and practice, who possess not only adequate scientific and technical knowledge but who are also well-versed with cultural and social affairs to guarantee good integration into the community. They have not only good health but also good notions of cultural and artistic values to satisfactorily resolve the problems of life. Besides cadres who are directly involved in business and production activities, there must be a contingent of qualified cadres to manage state affairs and production and business operations. Instead of taking into account the contradictions between acquiring a knowledge of natural science and acquiring a knowledge of social sciences and humanities, we should fully realize the reciprocal impact of the latter two areas of knowledge. It is necessary to know that good education and training provides the basis for guaranteeing steady and sustainable development.

Sixth, prompt measures must be taken to improve national administrative procedures to meet economic reform requirements. It is necessary to clearly define the boundaries of state management and of business and production management based on a respect for business establishments' right to have their own ways of doing things, to guarantee equality among all economic sectors, and to encourage everyone to work diligently and creatively in all areas from state management to business and production management.

Given the small size of business establishments, the lack of experience, and the low level of management expertise, we cannot establish major unions overnight. Therefore, it is necessary to use different forms of joint ventures, associations, and multilateral cooperation programs to guarantee that enterprises operate according to set orientations and realize their potential.

Measures must be taken to reorganize the state management apparatus so as to avoid duplication or discontinuation of work when it comes to management. Next, efforts must be made to streamline the state management apparatus without affecting its work efficiency.

Prompt measures must be taken to perfect the legal system in which the civil code, legislative and executive rules, and laws on education and labor must be regarded as fundamental factors for guaranteeing the consistency and strictness of the legal system.

In summary, over the past several years, we have met with many difficulties and challenges. Nonetheless, thanks to the implementation of the renovation policy, we have moved forward gradually. Basically, we have led our country out of its socioeconomic crisis. Nonetheless, the great danger of lagging behind still exists and requires us to make more efforts. Our people are endowed with the tradition of unity and mutual love and assistance. They are also known for their intelligence and creativity. Under our party's leadership and regardless of our social class, economic potential, educational backgrounds, and political and religious beliefs, we have joint efforts in a common struggle. As a result, we have liberated and unified the fatherland and led the country out of its crisis.... It is certain that now with that same tradition and by taking advantage of favorable conditions in terms of weather, terrain, and people's unity, our people will, under the party's leadership, gradually overcome the danger of lagging behind, quickly advance the country along the renovation path, and make our long-cherished dream of "making the people rich and the country powerful and of building an equitable and civilized society" come true at an early date.

Commercial Sector Sees 'Important Achievements'*BK2308155495 Hanoi VNA in English**1424 GMT 23 Aug 95*

[FBIS Transcribed Text] Hanoi VNA August 22 — Commerce has entered into a new stage of development and seen important achievements since the sixth congress of the Communist Party of Vietnam, in December 1986.

The total amount of retail goods in the market rapidly increased 3.6 times in 1993 and about five times in 1995 as compared with the 1990 figure. The state-run trade enterprises still hold an important position, governing wholesale trade and accounting for a considerable part in retail sales of essential goods such as petrol, iron and steel, and fertilizers. In petrol sales alone, the state runs 1,250 fuel stations throughout the country. Supplies of some necessities are ensured for the ethnic minority people in mountain areas.

Foreign trade relations have seen rapid development. In the 1986-1990 period the total import-export value increased to USD [U.S. Dollars] 4.28 billion from USD 2.50 billion, and continued increasing to USD 8.10 billion in the 1991-1994 period. The total export value in 1995 is expected to be more than USD 10 billion, an increase of 2.3 times over the 1991 figure. Imports and exports have played an important role in external economic relations as well as in the national economy. Imports have helped the renovation of technology, economic mechanism transfer, creation of new jobs and increase of the competitive strength of Vietnamese goods in the world markets. The structure of export lines have changed in a positive direction. Farm and forest products accounting for 39.4 percent of the total export

value in the 1976-1985 period, decreased to 36.6 percent in 1994. Processed goods increased to 19 percent in 1993 from five percent in 1990.

The trade deficit has reduced markedly. The rate between export and import was 1/4.2 in 1976-1980 and 1/1.18 in 1991-1995. Vietnam now has trade ties with 104 countries in the world. There are 1,586 foreign representative offices and branches in the country. Apart from expansion of bilateral trade, Vietnam has step by step participated in multilateral trade relations with other countries: it signed many agreements with the European Union (EU), and has become a full member of ASEAN and observer of the General Agreement on Tariffs and Trade (GATT). It is preparing for the admission to the World Trade Organization (WTO) and other economic, monetary and financial organizations in the region and the world as a whole.

Efforts are made to process staple commodities for export. Meanwhile priority is given to import of advanced technology and production materials with a view to raising the competitive capacity of goods in both home and foreign markets. The government continues renovating policy and structure of import-export management, renewing tariff system and non-tariff measures, reforming administrative procedures, and reorganizing import-export state-run businesses in the direction of connecting import and export with production, encouraging the production of export lines in large amount and high quality.

While expanding its foreign markets, the sector strives to develop home markets in urban, rural and mountainous areas.

Australia

Evans on Deterioration in Sino-U.S. Relations

*LD2408124295 Melbourne Radio Australia
in English 1200 GMT 24 Aug 95*

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says it's defeatist to talk of containing China. Senator Evans said the region had to engage with China to avoid misunderstandings and policy mistakes that might lead to conflict. He said Australia was concerned about the deterioration in relations between China and the United States, especially over Taiwan. The foreign minister welcomed assurances by the United States that its policy toward China was one of engagement, not containment.

Senator Evans, speaking to the Chinese Chamber of Commerce in Melbourne, said Australia would develop its unofficial links with Taiwan, but would continue to see Taiwan as part of China. The foreign minister said Australia would not be drawn into the rivalry and competition for influence which currently marked relations between China's authorities and the leaders of Taiwan.

Japan's Foreign Minister Kono Arrives for Talks

*OW2408032095 Tokyo KYODO in English
0310 GMT 24 Aug 95*

[FBIS Transcribed Text] SYDNEY, Aug. 24 Kyodo — Japanese Foreign Minister Yohei Kono arrived in Sydney on Thursday morning to attend Japan-Australia ministerial talks.

Kono, International Trade and Industry Minister Ryutaro Hashimoto and other senior Japanese officials will attend the ministerial talks in Canberra on Friday.

Tokyo, Canberra Plan To Promote UN Test Ban

*LD2508112895 Melbourne Radio Australia
in English 1000 GMT 25 Aug 95*

[FBIS Transcribed Text] Australia and Japan say they will promote a United Nations resolution against nuclear tests. After ministerial talks in Canberra, the two countries said they would strongly oppose China's nuclear testing and the planned resumption of French tests in the South Pacific. The Japanese foreign minister, Yohei Kono, said Japan would work with Australia to get a comprehensive nuclear test ban treaty as early as possible next year.

[Begin Kono recording] We have agreed between Japan and Australia that we are both opposed to the Chinese and the French nuclear testing and the resumption of nuclear testing. Both countries will continue to work strongly upon these two countries to stop such testing.

Such total tests ban is major step forward to the creation of a nuclear weapons free, a world free of the fear of nuclear weapons. [end recording]

Australia's foreign minister, Gareth Evans, said he thought Australia and Japan would find common language so they could sponsor a joint resolution at the UN General Assembly. Senator Evans said both countries believe the chances for a nuclear test ban treaty were being poisoned by French and Chinese actions.

Hashimoto Urges Practical Liberalization Approach

*OW2508130095 Tokyo KYODO in English
1216 GMT 25 Aug 95*

[FBIS Transcribed Text] Canberra, Aug. 25 KYODO — The Asia-Pacific Economic Cooperation forum (APEC) should promote the trade liberalization of its members while taking their differences into account, Japanese Trade Minister Ryutaro Hashimoto said here Friday [25 August].

The pursuit of comprehensive liberalization may become problematic as each economy has its own difficulties, Hashimoto told his Australian counterpart, Bob McMullan.

The two ministers were discussing issues related to the scheduled November APEC meeting in Osaka, at which guidelines for the member economies' trade liberalization will be adopted.

Hashimoto made the remarks in response to comments by McMullan who said that comprehensive liberalization, without exceptions, should be included in the guidelines.

Meanwhile, Hashimoto and McMullan issued a joint statement saying that Japan and Australia will meet after the annual consultations to discuss implementation of the final accord between Japan and the United States regarding automobiles and auto parts.

The meeting will involve discussions on the evolution of the Japan-U.S. agreement, including possible implications for Australian trade with Japan, the statement said.

New Zealand

French Naval Vessel Seeks Meeting Off Mururoa

*BK2508043395 Hong Kong AFP in English
0309 GMT 25 Aug 95*

[FBIS Transcribed Text] AUCKLAND, Aug 25 (AFP)—A French naval boat was Thursday (Friday GMT) heading towards the New Zealand Navy ship

Tui after seeking a meeting off Mururoa Atoll where France is to resume nuclear testing next month.

The unarmed Tui arrived off Mururoa Thursday morning (Friday GMT).

The New Zealand Press Association reported from Tui the French are sending a patrol boat to pass an unknown item to Tui.

Radio New Zealand reported from the ship that a patrol boat had appeared near Tui.

Tui is in international waters outside the French declared 22-kilometre (12-nautical-mile) exclusion zone.

Tui captain Lieutenant Commander John Campbell said the French made contact over VHF radio.

He contacted Defence Headquarters in Wellington and was advised to meet the French officials who were travelling on the French Navy patrol boat Gracieuse.

Campbell said he was surprised to hear from the French and had no idea what they would be dropping off.

Delivers 'Warning Letter' to Ship

*BK2508100295 Hong Kong AFP in English
0931 GMT 25 Aug 95*

[FBIS Transcribed Text] AUCKLAND, Aug 25 (AFP) — Three French naval officers boarded New Zealand Navy ship Tui to deliver a warning letter hours after it arrived Friday (Thursday GMT) off Mururoa Atoll where France is to resume nuclear testing next month.

"I have a letter for you from Vice-Admiral Philippe Euverte (of the French Maritime Forces of the Pacific Zone). We will give this letter to all skippers arriving near Mururoa and Fangatuafoa. This letter advises them what they can do and what they cannot," Lieutenant Yves Peant told the captain of the Tui.

Tui, an unarmed naval research vessel, is to monitor the safety of a growing protest fleet, likely to include about 25 ships, that will demonstrate at France's South Pacific nuclear test-sites.

Within hours of arriving outside the French-declared 22 kilometre (12 nautical mile) exclusion zone, Tui Captain Lieutenant Commander John Campbell was radioed by the French.

Three officers from the French patrol boat Gracieuse were piped aboard and delivered the letter from Euverte.

The letter said the French Navy respected protesters' right to protest, but warned that protesters should respect the French right to protect the sovereignty of the atoll.

"I am quite determined to enforce the law and to carry out the mission [word indistinct] hold to safeguard the security of the testing sites in order to implement the decisions" of French President Jacques Chirac, the vice admiral said in the letter.

"I assure you that I will always act as a sailor should you encounter difficulties and that I would not hesitate to lend you assistance if necessary," Euverte said in the letter.

Peant told the New Zealand captain the French wanted to have regular contact with the Tui — twice a day, in the morning and the afternoon.

The French naval officers left the Tui, declining to comment to the media, after 10 minutes.

Campbell said the visit was a normal courtesy call between two navy ships.

"We're operating in their backyard... it's just general courtesy," he said.

In New Zealand, Greenpeace spokesman Michael Szabo said in a statement that the government had missed a "golden opportunity" to deliver an official protest letter to the French Navy.

"The government had previously said the Tui would not be meeting with the French Navy or Greenpeace and this seemed to contradict that undertaking," Szabo said.

He said it was inappropriate for the Tui, which "the government has sent... to represent the views of New Zealanders," to "exchange niceties" with the French Navy without protesting France's nuclear testing programme.

Greenpeace's flagship Rainbow Warrior II left Papeete harbour on Thursday to join some the "peace flotilla" protesting against President Jacques Chirac's decision to carry out up to eight nuclear tests at Mururoa and neighbouring Fangataufa, from September 1.

Another naval vessel, the Cook Islands Police force patrol boat Te Kukupa is expected near Mururoa next week.

XXX 99999-9999 XXX

DISTRIBUTION RESTRICT COPIES

BOTH LISTS DRDDH
BOTH LISTS DRDDH
BOTH LISTS DRDDH
BOTH LISTS

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 382
MERRIFIELD, VA.

TTTT-TT



This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.